

"This is a great read for managers and leaders who want to make a difference."

Paul Matthews, CEO, UK & Europe, Standard Life

CONNECTED LEADERSHIP

**HOW TO BUILD
A MORE AGILE,
CUSTOMER-DRIVEN
BUSINESS**

SIMON HAYWARD



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Praise for *Connected Leadership*

‘This is a great read for managers and leaders who want to make a difference, full of stories and tools everyone can relate to. The companies of the future will be those connecting not only with their customers but also with their own people and shareholders. That is easily said but needs lots of focus to achieve. This book will really help you.’

Paul Matthews, CEO, UK & Europe, Standard Life

‘Adopting the principles of connected leadership has had a lasting impact on Three UK. We have improved collaborative working and communication across the business. Speed of decision making has also increased and we are performing better as an organisation. Everyone is aligned to and excited by our core purpose, increasing the momentum of deliverables.’

David Dyson, CEO, Three UK

‘Simon Hayward has helped us to build more connected leadership across Marks and Spencer as we develop the capability of leaders in line with the values and attributes at the heart of the M&S brand. Forming these meaningful connections has galvanised leaders to lead change.’

Tanith Dodge, Director of HR, Marks and Spencer

‘Big businesses are good at articulating “what” they’re trying to achieve, whether that’s a financial or customer target, but they often forget “how” you achieve those targets, which is more important. The connected leadership model encompasses core elements of the “how”, such as values, agility and collaboration. It has helped to transform our business and I’d recommend it to any business leader who needs to drive change in our fast-moving world.’

Mark Stevens, Managing Director, CCD, Provident Financial Group

‘Simon Hayward has helped us develop our thinking on what is required from our leadership at Pentland Brands plc. We are big

believers in connected leadership and are evolving to ensure we are focusing on leading appropriately for the next decade.'

Andy Rubin, Chairman, Pentland Brands plc

'For an organisation to be productive, its people need to be aligned to a core purpose and direction. This book offers fascinating insights and very practical tips which can help leaders create a connected organisation. Building a culture of collaboration supports shared decision making inspired by that core purpose and direction. It builds engagement and increases productivity.'

Angela Spindler, CEO, N Brown Group plc

'Connected leadership represents a marked shift away from the transformational "heroic" individual leaders of the late 20th century. Much has already been written about these leaders. This book is about a new "post-heroic" style of leadership – one which is values-based and advocates shared responsibility.'

Rachael Borthwick, Corporate Services Director, FirstGroup plc

'Simon Hayward's book draws on extensive research to demonstrate the need for more connected leadership. He also includes real-life examples to show how leaders can form meaningful connections to build trust and create more agile and adaptable organisations, better able to respond to the needs of customers in a rapidly changing environment.'

Professor Dame Nancy Rothwell, President and Vice-Chancellor, The University of Manchester

'Command-and-control leadership is failing employees in our modern, unpredictable world. This book is a very practical guide to changing your leadership style to encourage shared decision making.'

Professor Fiona Devine OBE, Head of Manchester Business School

'The value of this book is its blend of a scholarly foundation and real-life practical insights. Dr Hayward uses a strong theoretical base from the social sciences to help ground and contextualise a series of interviews, to draw some valuable lessons for leadership. The book is well written and highly relevant in today's knowledge economy. I highly recommend it.'

Professor Michael Luger, Former Dean, Manchester Business School

Connected Leadership

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Connected Leadership

How to build a more agile,
customer-driven business

Simon Hayward

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Contents

Foreword /	x
About the author /	xiii
Acknowledgements /	xv
Publisher's acknowledgements /	xvii
Introduction /	xix

1 Why you need to know about connected leadership / 1

Old models are breaking down /	1
A new style of leadership /	4
Understanding connected leadership /	8
Key benefits of connected leadership /	13
Case study – Connected leadership at Mandarin Oriental /	14

2 The end of business as usual? / 19

Understanding the big trends /	19
The rise of the 'new consumer' /	20
The emergence of the open and networked society /	21
The arrival of the 'Millennials' /	25
Summary /	27

3 The connected leadership challenge / 31

Reinventing leadership /	31
Leaders face a complex set of challenges /	35
What does the connected organisation look like? /	38
Leadership brand /	44

What does the connected leader look like? / 47

Case study – Leading from the front / 51

Next steps / 53

4 Purpose and direction / 59

A time for renewal / 59

Why direction and purpose? / 60

Developing a clear sense of purpose / 61

Establishing the right direction / 63

The leader's role / 64

Case study – Connected leadership at Standard Chartered / 81

5 Values in action / 87

Redefining and aligning the core values / 87

What's important around here? / 89

Authentic leadership / 91

Creating a values-led culture / 103

Ethical leadership / 110

Case study – Values and authenticity at Marks and Spencer / 111

6 Connected relationships / 115

Looking outward / 116

Developing open and transparent relationships / 117

Balanced processing of information / 131

Strengthening key relationships – questions to ask / 136

7 Devolving decision making / 139

Rethinking the balance of power / 139

Why decision making needs to be devolved / 140

Organisational level / 143

Your role as leader / 151

Case study – Devolved decision making in action at Zara / 159

8 Encouraging collaborative achievement / 165

Breaking down barriers / 165

Why collaboration counts / 166

Organisational level / 170

Your role as leader / 179

Case study – Collaboration at PayPal / 185

9 Creating an agile organisation / 191

Dealing with turbulence / 191

Innovation: unleashing the entrepreneurial spirit / 194

Develop a learning organisation / 198

Disruption builds adaptive leaders / 202

Prioritise ruthlessly / 204

Case study – Agility and customer focus at Three / 207

10 Taking people with you / 215

Building a connected company through strategic engagement / 216

Engaging all the managers / 217

Engaging everyone to create the connected company / 219

Communicating connectivity effectively / 226

Case study – Engaging people at Shop Direct / 229

Connected company survey / 232

11 Next steps / 237

Reflection / 237

Connected society / 239

Conclusion / 244

Index / 247

Foreword

The hundreds of leaders I meet each year give voice to a wide range of issues and concerns about their businesses, their careers and effectiveness in their roles, and sometimes also about the impact that they and the businesses they lead have on society. They talk of the problems of responding to uncertainty and change, about finding, nurturing and retaining talent, and about the stress of managing organisations that are increasingly complex, even when they employ fewer people.

One of the reasons leaders find it so hard to lead is that our brains and the algorithms that describe how we interact with the world outside ourselves did not evolve to handle large enterprises. The maximum size of a group within which we can feel a high level of collaborative working or social identity appears to be about 150. Within their organisations, leaders have to manage groups of groups, with membership often overlapping. They also have to manage – or create the conditions where others can manage – the boundaries between these groups and between the organisation and the outside world.

Fortunately, some of the solutions are already there. Leadership is becoming increasingly distributed, with the three roles of defining the need for change, identifying how to make change happen and implementing change no longer needing to be confined within one person or one level of management. The intranet has opened up the possibility for anyone in an organisation who wishes to engage in any of these three roles to do so. All it needs is leaders who are able and willing to share those roles, by inviting

participation. Those who participate most, we might argue, are potentially the most likely talent leaders of the future.

More than 20 years ago, I and my co-author Walter Goldsmith coined the term *simplicity* – the art of making complex issues simple, but not simplistic. For today’s leaders, the core challenge is being able to simultaneously understand the complexity of their operating environment and to recognise the simple patterns that drive that complexity. It is about being deeply engaged with the organisation and its environment, yet at the same time being able to step back from what is happening to achieve the understanding that comes from a longer, systemic perspective. It’s also about recognising the filters of their own experience and assumptions that distort their understanding, their openness to alternatives and willingness to question both others and themselves.

Connectedness describes this ability to be both in the system and able to observe it from outside. It’s a skill (or more accurately, a collection of skills) that becomes more and more essential as people rise through the levels of leadership. I don’t know who first coined the term ‘the connected leader’. It’s a meme that emerged less than a decade ago and I first used it in a book in 2012 (*The Talent Wave*, Kogan Page). Its essence was that connected leaders demonstrated a number of behaviours that made it more likely they would have high awareness of what was happening within their organisations and their external environments and would be able to use that awareness to ensure that they and people throughout the organisation made better, faster decisions in reacting to change. Among these behaviours and qualities were engaging with employees through coaching and mentoring, encouraging and facilitating constructive dissent, knowing their strengths and weaknesses, being role models for key values and for learning, having humility, being widely connected with the outside world, focusing more on asking the right questions than on having the right answers, and having a deep sense of ethicality.

In *Connected Leadership*, Simon Hayward has pulled together many threads that lie behind the concept of leader connectedness, giving context and depth to these behaviours. The practical models provide structure and a framework for turning an intellectually interesting and relevant concept into pragmatic tools and approaches, which organisations can use to develop their next generations of leaders and which today's leaders can apply to their own development.

Professor David Clutterbuck, author and director of the David Clutterbuck Partnership

About the author

Dr Simon Hayward is a dynamic thought leader, valued by many international client organisations as a trusted adviser and partner. He is founder and CEO of Cirrus, a leadership consultancy, and has a wealth of strategic leadership experience gained over 30 years. He has developed leadership strategy and leadership development programmes with client organisations across Europe, Asia and North America. He is a regular media commentator, featuring in leading publications including the *Financial Times*, *The Sunday Times*, *Management Today*, *Human Resources* and the *Guardian*, as well as on Sky News and the BBC. He is also a regular conference speaker.

Simon has a DBA and MBA from Manchester Business School and an MA (Hons) in English from Oxford University. He is a Fellow of the Chartered Management Institute and a member of the British Academy of Management and the Chartered Institute of Marketing.

Simon has been recognised by the World of Learning Awards, British Gas/*Daily Express* Tomorrow's People Awards and Entrepreneur of the Year Awards. His work with clients has been recognised by the People Management Awards, Management Consultancies Association Awards, HR Excellence Awards, Personnel Today Awards and the Hotel Catering Personnel and Training Awards.

He led Academee, a successful leadership development business, to be recognised as the fifth Best Workplace in the UK by the *Financial Times* and one of *The Sunday Times* 100 Best Workplaces in 2007. The company also won a special Business Excellence

Award for People and People Results before being acquired by Marsh & McLennan Companies in 2008.

Simon is a keen runner and a fundraiser for cancer charities. He lives in Cheshire, UK, with his wife Clare and three sons.

Simon's personal blog is available at **www.simon-hayward.com** where you can read updates on connected leadership.

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My sincere thanks go to everyone at Cirrus who has helped with ideas and feedback on the manuscript, and for helping me to take time for researching and writing both my doctoral thesis and then this book. Thanks especially to Jane O'Hara, Laura Mazur and Jack Hutchison, who have helped enormously with research and editing throughout the writing process.

This book is based on the research I conducted during my doctoral studies at Manchester Business School (MBS), where I received my DBA in early 2015. MBS has a worthy reputation for research, ranked number one globally by the *Financial Times* in 2014 for

its doctoral programmes. Its approach with the DBA was to combine excellent academic training and standards with an appreciation of the way research can benefit practitioners in business and public administration as well. My special thanks to Professor Cathy Cassell (now Deputy Dean at Leeds University Business School), who was my primary supervisor at MBS and whose support, challenge and thoughtful dialogue helped me enormously throughout my research. I would also like to thank Professor Mike Bresnen, who was my second supervisor and whose wisdom was always present. It would be remiss of me not to acknowledge the contribution to my studies of Professor Michael Luger and Professor Jikyeong Kang (now Dean at the Asian Institute of Management), both of whom made the whole process more enjoyable. I would also like to thank very much the organisations that participated in the research as cases, as without their patience over an extended research period of two years my research and this book would not have been possible.

Finally, I am indebted to my family and friends for their patience and for putting up with so many weekends and evenings of me tapping away at my keyboard. Thank you Clare, my lovely wife, and Harry, Max and Freddie, my wonderful sons. Their sometimes more sceptical perspective helped to keep the book real and reasonably grounded.

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Figures

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Tables

Table 5.3 from *Ethical Leadership: Through the Eyes of Employees*, Amsterdam Business School Research Institute (Kalshoven, K. 2010) table 1, p. 32, with permission from Karianne Kalshoven.

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Introduction

Welcome to *Connected Leadership*. I hope you enjoy the read. This book has been several years in the writing, and yet it is intended to reflect the connected world in which we live and lead. We are immersed in a world where technology, the internet and social media are making news and customer feedback instantaneous, and where globalised markets and online retail are making location irrelevant to many. In this more connected world we need a new form of leadership that is in tune with these changes and able to create an agile organisation that can flex with the complexities and uncertainties around us. In this book I will describe what this form of leadership looks like and the type of organisation it creates.

It has been in the making for several years because during my doctoral research I was able to combine original research into changes in how large organisations operate with reflection on all the major theories of leadership that have been written about over the last 30 years or so. The resulting synthesis brings together in one framework insight from some of the world's most eminent researchers and leaders so that you can use it in practice.

The word *connected* represents the type of leadership and the type of organisation that will flourish in this digital age. It means 'conjoined, linked, related', according to the *Oxford English Dictionary*.¹ It also suggests being open, receptive, giving, in tune with others and having potential for sharing and communication. As a leader I believe you make a choice every day about whether to be connected or disconnected, open or closed,² enabling or controlling. You will enjoy this book if your instinct is to connect. The world around is certainly connecting at a rate which is sometimes

disarming, and yet at the same time we see the rise of IS in Syria and Iraq and religious and racial intolerance increasing, suggesting a widening dichotomy between open and closed societal developments.

How to use this book

Throughout the book you will find case studies of real companies, activities and reflective questions you can use, and questionnaires and checklists that give you more insight into your own particular circumstances. Please read the book and use the content as a practical experience, as a work book through which you can review your style of leadership and reflect on how you can use the content in the most practical way to benefit your business. I recommend that you read the book with your tablet or smart-phone next to you so you can make notes for future reference as you think about the questions raised and the best way to use the content in your leadership role. In my experience most companies have some or all of the factors described in the book in some measure. It is often a case of deciding which factors are worthy of most attention in order to accelerate progress towards being truly connected.

Through the pages of this book I will describe what the connected company looks like, what connected leadership looks like, and how you can develop your own style into a more connected leadership approach. You may have come across some of the tips and techniques before, so please treat them as a reminder where this is the case. And please bear in mind that none of us is perfect, and I for one am not a perfectly connected leader by any means. The ideas and advice in this book are drawn from my research (and the research of many others more esteemed than I) plus experience of working with some of the world's best companies over many years.

I use certain terms with the following meaning. The word 'colleague' refers to people in your company, not just your peers. I use the words 'company', 'business' and 'organisation'

interchangeably, recognising that not all readers will come from a business context, but hoping that you will recognise that the content of this book is as relevant to public sector organisations and third sector organisations as it is to commercial businesses. I refer to 'leaders' as those who influence others, sometimes in a position of authority, but not exclusively. Leadership can be seen at all levels in your business, from the shop assistant who questions poor service and causes their colleagues to raise their standards to the chairman or chief executive who leads the board. I use the term 'manager' to refer to line managers in the business who are managing teams and outcomes, most of whom are not very senior, and many of whom are close to the front line in shops, contact centres, offices and production lines.

I address you as the reader often with the assumption that you are a leader in a senior position in your organisation. If you are, that's great. If you are not at such a senior level, please adapt the content to your own context as it applies just as well to a team or a business unit.

In Chapters 1 to 3 I lay out what connected leadership means and, set it in the context of the rapidly changing world in which we operate and discuss why connectedness is the best way to navigate this volatile environment. At the end of Chapter 3 is a questionnaire you can use to diagnose where your organisation is currently on each of the five factors of connected leadership. You may also find it helpful to share the questionnaire with your colleagues in order to start a wider discussion about the themes in the book.

In Chapters 4 to 9 I explore each factor of connected leadership in turn, with hints and tips on how to put each into practice for yourself and in your business. In each chapter I look at the factor in terms of how it relates to leadership and how it relates to the organisation, so that it benefits both you at a personal level and your business as a whole. Case studies help to make it come alive as you see how other organisations have developed ways to accelerate their performance on each factor.

In Chapter 10 I discuss how to take the rest of your organisation with you on the connected journey, how to develop a plan and

make changes happen in a joined-up way. In the last chapter I bring it all together and reflect on the wider political significance of connected leadership.

I hope that as you read this book you will gain fresh insights about connected leadership and be reminded of what makes you want to be a great leader, so that you can develop ways to enhance your effectiveness and that of your business. If you have any feedback or insights, please share them with me so I can build them into the next book. Thank you for reading and sharing this journey with me. I hope you enjoy.

Notes

- 1 *Oxford English Dictionary*, 7th edition (2012) Oxford: Oxford University Press.
- 2 Popper, K. R. (1945) *The Open Society and its Enemies*, Volumes 1 and 2, London: Routledge & Kegan Paul Ltd.



Why you need to know about connected leadership

Successful leadership in today's complex and volatile environment is about being connected. Connected leadership marks a pronounced shift from the old model of hierarchical command and control to a new model of leading through influence. It relies on effective communication and connection across the organisation based on a consistent set of assumptions and beliefs.

Connected leadership makes a difference when these five interrelated factors come into play:

- purpose and direction
- authenticity
- devolved decision making
- collaborative achievement
- agility.

Old models are breaking down

As a leader today you may well be feeling a sense of urgency and pressure, but also frustration. Do you see people in your organisation constantly busy juggling all sorts of projects, but get the feeling that not enough gets done? Do new initiatives too often

become bogged down in bureaucracy and a lack of accountability? Are other people frustrated? Is there a lot of noise and not a lot of output? Do you sometimes wonder whether the customer is really front of mind?

You can see that your organisation has to change the way it works with customers and deals with the threats of competition, complexity, regulation, globalisation. But putting in place glossy new transformational programmes just doesn't seem to work – they don't translate into the genuine connections between people and among teams that will make a real difference and get things done.

You are by no means alone. Many senior executives are trying to figure out how to make their businesses more agile in an environment characterised by volatility, uncertainty and discontinuity.¹ Additional pressure comes from the widespread erosion of trust and reputation in several industry sectors, including banking and finance, services and retail, while both customers and colleagues are demanding more transparency and accountability. For many this is rooted in the upheavals caused by the global financial crisis, the associated loss of trust in corporate and governmental institutions, and consumer empowerment. As Figure 1.1 shows, research from GlobeScan has found that public trust in global companies has fallen to its lowest point since they began tracking this in 2001.²

This has been further intensified by the pervasiveness of social connectivity and networking, as companies find everything they do is on global display. Customers want instant responses to complaints and questions – an immediacy that the hierarchical command-and-control models can rarely deliver.

The answer lies with us as leaders. Our role is to create organisations in which what we say and what we do is consistent, what happens internally is in line with what we write in our annual reports and what we promise to our customers is delivered. Our role is to embed an organisational ethos that encourages swift

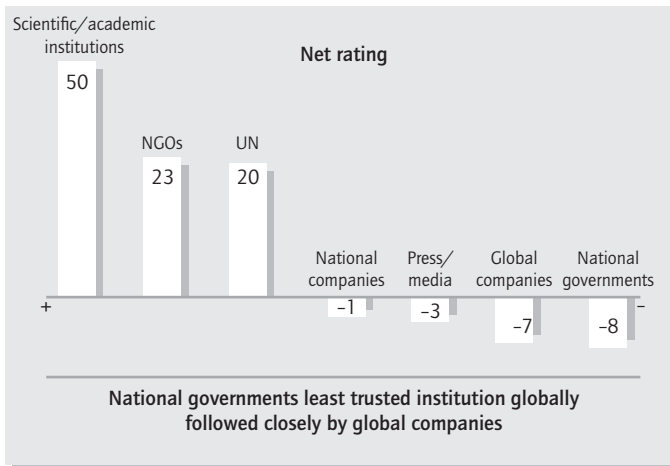


figure 1.1 Public trust in companies at low levels

Source: www.globescan.com/news-and-analysis/blog/entry/trends-on-our-radar-for-2015.html

reactions to changing market conditions by inspiring everyone to act and adapt far more quickly than they have been used to.

Many of today's leaders are well aware of what they need to do, highlighted by a research project among the leaders of FTSE 350 organisations (published in early 2015).³ In the research, conducted by Ipsos MORI and Cirrus, 65 per cent of respondents stated that their biggest priority was being more agile and 64 per cent said it was creating a stronger sense of shared direction.

So, where do you start? Today's most successful leaders connect people across the organisation to strategic goals and to customers by developing a shared agenda through purpose, direction and values. They devolve decision-making responsibility and encourage a culture of collaboration and teamwork. They stimulate a high degree of empowerment and trust that each person and team will perform to the best of their ability. They increase agility through developing a learning culture that drives innovation and ruthless prioritisation. They are connected leaders – see Figure 1.2.

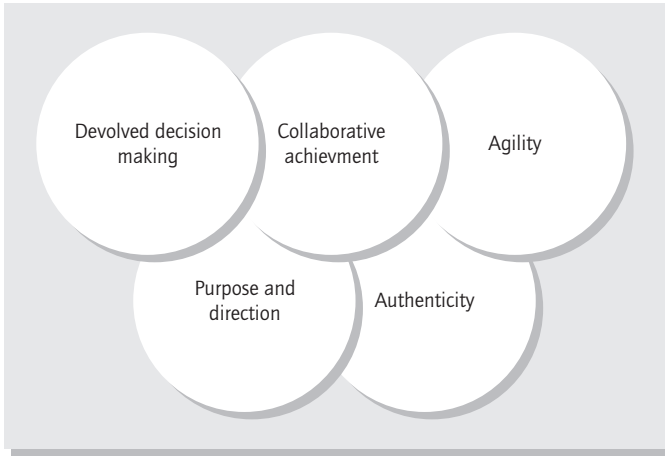


figure 1.2 Connected leadership framework

A new style of leadership

The discussion about leadership has moved beyond the archetypal big personality who runs the company and is the embodiment of its values and culture – the so-called ‘hero’ leader.⁴ Successful business renewal is no longer automatically seen as synonymous with leaders like the late Steve Jobs of Apple and Jack Welch of GE. The pronouncements and personalities of leaders like this seemed so integral to the success of their businesses that they often attracted as much attention as the products themselves. Yes, powerful individuals can generate fresh energy and develop a new sense of purpose. However, this style can cause too much of a focus on the individual heroic leader who motivates others to ‘save the day’ based on charisma and personal appeal. It might work for a time. The problem is that fissures can break open in the organisation once that leader goes, as happened at the UK retailer Tesco following CEO Terry Leahy’s departure. In fact, companies like Apple and GE have demonstrated the opposite, namely an ability to manage smooth leadership succession by developing leadership as an organisational capability rather than relying on the ‘hero’ at the top.⁵

That is why, over the past 15 years, there has been more of an appreciation of the role of leadership as an act of shared influence to achieve collective objectives, which moves beyond a rigid hierarchical model. Leading research around the world points towards this shift, as we can see in Figure 1.3, with growing recognition of the power of shared leadership to deal with the increasingly complex and networked world in which we live.

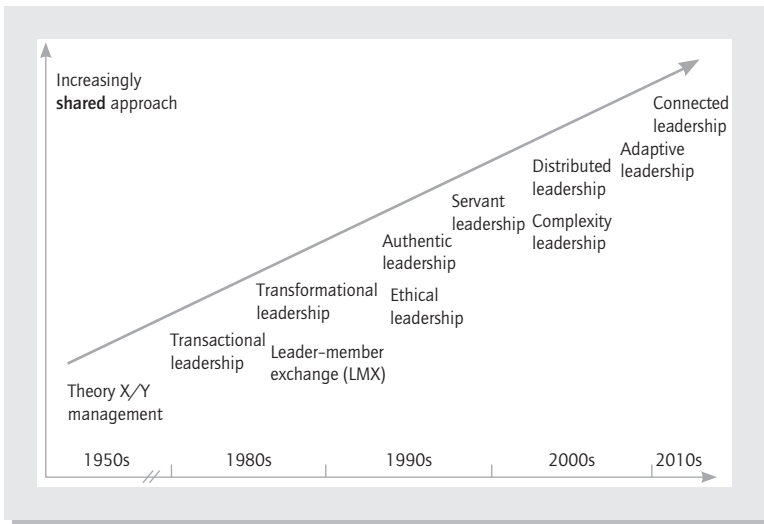


figure 1.3 Evolving leadership theories

From a relatively centralised approach to power in the 1950s we saw the rise of the inspirational ‘heroic’ leader of the 1980s and 1990s, and then the emergence of ‘post-heroic’ leadership in the 2000s in the forms of authentic and servant leadership. Distributed leadership and complexity leadership theories in the 2000s took this to a further level of sharing power.⁶ I have created a coherent model that enables us to understand how the various theories have evolved and how they complement each other in responding to the needs of the networked unpredictable environment in which we now operate.

One of the earlier influential leadership theories was Theory X and Theory Y put forward by Douglas McGregor in 1957, based

on two assumptions managers make about employees.⁷ Theory X suggests managers assume employees are inherently lazy and need close supervision, while with Theory Y managers are open to seeing employees as inherently self-motivating and seeking responsibility, so requiring involvement and trust to perform at their best. Connected leadership is consistent with Theory Y.

Transactional leadership focuses on how process and reward influence what followers actually do at work. In 1978, James MacGregor Burns described how the leader has the power to reward or punish the team's performance and to train and manage when members are underperforming.⁸ This emphasis on the recognition and reward process is reflected in the emphasis on performance management in today's HR culture. This emphasis is being questioned by some commentators as being too 'transactional' when there should be greater emphasis on having quality discussions to maximise motivation and performance. As we shall see later, connected leadership is certainly consistent with the emphasis on dialogue rather than a mechanistic connection between reward and performance.

In the 1970s, 1980s and 1990s, transformational leadership,⁹ with its emphasis on the charismatic leader who inspires others to do great deeds,¹⁰ became fashionable. There is much value in the transformational approach, with its emphasis on setting and communicating a vision, as well as giving attention and managing one's behaviour to engage followers in the leader's direction. In connected leadership I echo the importance of these things, but with one key difference: it is less about the heroic leader and more about the shared process of leadership that really makes organisations successful in a sustainable way.

Similarly, connected leadership draws on aspects of LMX theory (leader-member exchange), which developed our appreciation of the importance of the quality of relationship between the leader and their team members.¹¹ This line management relationship is certainly a critical influence on the level of engagement and resulting discretionary effort of followers, and the more

connected each line manager is with the organisation's purpose, direction and values, the more joined up the enterprise will be.

Authentic¹² and ethical¹³ leadership both reflect the increased emphasis on values and behaviour in the 1990s. Connected leadership draws heavily on authentic leadership in particular, as personal and collective authenticity is a pre-requisite for the quality of trust that is required for connected relationships to work in practice. Authentic leadership suggests that leaders need to have high levels of self-awareness, a strong moral compass, the ability to make sense of information in a balanced way, and open and transparent relationships (I describe this more in Chapter 5). Servant leadership is also very consistent with connected leadership, reflecting the shift from the leader as hero to being the enabler of others.¹⁴

In the 21st century research into leadership has shifted to challenge the heroic model of the individual saviour riding to the rescue in favour of a more shared approach where many people can lead others across the organisation on a day-to-day basis to achieve higher levels of overall performance. Distributed leadership is a way of describing this in a practical way, with shared decision making within an overall framework of coordinated activity.¹⁵

Complexity leadership theory takes this further, by recognising that in the unpredictable world in which we now operate we need to create organisations that can adapt to changing conditions while retaining strong core processes.¹⁶ Connected leadership draws on both, as an integrated leadership approach based on the best research and in tune with the networked society in which we and our consumers live. It also draws on shared leadership theory, which emphasises team leadership and the shared nature of leadership as a process of influence, and on adaptive leadership, which emphasises the need for systemic change leadership in order to thrive in the complex world in which we operate.¹⁷

Connected leadership also reflects much of the thinking in the service profit chain, a business model that emerged from research into retail performance in the 1980s and which

established relationships between profitability, customer loyalty and employee satisfaction.¹⁸ It also reflects more recent research which shows the relationship between customer experience and corporate reputation and how leaders collectively create the environment for success for colleagues and customers alike.¹⁹

Understanding connected leadership

Developing the connected organisation starts with you as the leader and how you influence others to establish and nurture the critical connections, both at the strategic level and locally in every team across the organisation. A leader cannot act in isolation. I believe we have to work with our colleagues to create a delicate balance between distributing power while retaining a strong core structure. If everyone is working with a consistent set of assumptions about ‘what great looks like’, they can in turn make the right decisions for customers, which drives loyalty and advocacy in the marketplace.

In the world of social media and instant news, this customer experience is often played out on a global stage with millions in the audience, exaggerating the effect of the connections – for better or for worse. Large retailers, for example, will typically have millions of followers on Twitter, meaning that one customer’s tweeted complaint can reach and influence millions of other customers within moments of a bad experience.

My research into large organisations, as well as my in-depth analysis of international research into leadership effectiveness over the past 20 years, has identified five key factors that contribute to a style of leadership suited to this connected world in which we live. Taken together these factors build the strong connections that enable an organisation to achieve its goals and ultimate purpose in our rapidly changing world.

The five factors are:

- purpose and direction
- authenticity

- devolved decision making
- collaborative achievement
- agility.

Purpose and direction

The first factor, and the one which is the foundation for the others, is purpose and direction. When people in an organisation have a common understanding of why they exist as an entity, a clear sense of what they are trying to achieve and the strategy to get there, there is a shared mission around which people can unite and flourish. It is up to you as the leader to help people make sense of this and how their roles relate to the purpose of the business. After all, people typically want to know that what they do at work has value, meaning and is something of which they can be proud. This is particularly true for ‘Millennials’, for whom meaning is typically a higher priority than for older generations such as ‘baby boomers’.

Authenticity

Leaders who act in a way that is in line with what might be called common standards of ethics, and who build relationships of trust and respect, engender stronger commitment among the people they lead than those who do not. Leadership based on balanced judgement and fairness of decision making engages colleagues and encourages them to develop effective, connected relationships across the organisation. It offers a behavioural framework to guide people to achieve the purpose and direction in a principled and morally satisfying way.

Both these factors act as the organisation’s ‘mission command’, a framework of priorities that leaves people free to operate, knowing they are not acting or behaving inconsistently with the overall aims and values.²⁰ Note that context is key: these factors create a powerful context to help people to understand and embrace what’s special about your business, and how you develop and articulate this framework needs to reflect your organisation’s particular marketplace and goals.

Devolved decision making

The sharing of power across the organisation results in many decisions being made by people closer to the customer who can make them in the best interests of both the customer and the organisation. It is important to clarify who makes which decisions. So, while key strategic decisions are made centrally, service-oriented decisions are taken as close to the customer as possible. But for this to work well you need a climate where people feel safe to take a risk, comfortable to take responsibility for decisions and be supported, whatever the outcome.

Collaborative achievement

There has been increasing emphasis on effective team working in recent years as a better way to achieve great performance than through a more traditional command-and-control approach to work management. Collaboration means close working between teams as well as within teams, so that end-to-end processes work efficiently. Great team working is based on dialogue and mutual influence, with team members working closely with each other and reward structures reflecting collective merit more than individual performance. Companies such as John Lewis and Three have team-based reward systems that demonstrate collaboration in practice.

Agility

In an increasingly uncertain world organisations can no longer operate as if ‘one size fits all’. Agility requires that colleagues are allowed to adapt to changing circumstances, to share what they learn and to operate in a culture that supports experimentation without blame – to fail fast and learn as a driver of innovation and pace. Free movement of knowledge facilitates innovation and improvement, while people are developed to do their best at all levels.

These five factors are summarised in Table 1.1. For each factor, you can see the main business driver that makes it a priority in today’s

table 1.1 Five factors of connected leadership

Factor	Business driver	Definition	Theoretical research source	Leadership's role	Leadership attributes
Purpose and direction	Execution of strategy	Everyone buys into what they are doing together and why it is worthwhile	Transformational leadership theory ²¹ Complexity leadership theory ²²	Telling the story and helping people to make sense of it	Inspiring others to believe in the purpose and follow the direction Sensemaking and influence
Authenticity	Building trust and establishing corporate reputation	Values-based leadership based on open and transparent relationships	Authentic leadership theory ²³	Acting with integrity and balance to build trusting relationships	Values-driven behaviour Balanced information processing Emotional intelligence Quality relationships
Devolved decision making	Engaging and empowering both colleagues and leaders	Decisions are made at the appropriate level closest to the customer	Distributed leadership theory ²⁴	Sharing power and supporting others to make the right decisions	Decision making Building capability Coaching and communications
Collaborative achievement	Need for pace and end-to-end process efficiency	Working together as teams to achieve shared outcomes	Distributed leadership theory Shared leadership theory ²⁵	Enabling teams to operate effectively and to work well along the whole process	Team building Stakeholder engagement Multi-team collaboration
Agility	Agility and ability to cope with complexity – improving the customer experience	Always improving and adapting to changing circumstances in line with purpose and direction	Complexity leadership theory ²⁶ Learning organisation theory ²⁷	Encouraging learning, improvement, and adapting within strategy	Curiosity and insight Leading innovation and change Managing ambiguity

business world, a simple definition and the main theoretical source from leadership research. I also suggest what your primary role is as a leader and the attributes you need to demonstrate to be competent in this factor. I will explore these in more detail in the chapters that follow as I look at each factor in turn.

There is a sixth factor. The main pre-requisite for a successful transition to connected leadership is that the senior leaders of an organisation ‘get it’: that they are deeply committed to connected leadership in order to create a connected organisation and embrace what it means to be an active role model. Problems arise when people within the organisation aspire to make such a transition without commitment from the top.

It is very difficult to do this from the ‘bottom up’. History shows that at the national level revolutions can occur and radical changes to the leadership approach in countries do happen from the ground, such as in Poland and elsewhere in Eastern Europe during the 1980s. But at the company level, where corporate governance rarely requires leaders to be as accountable to employees as politicians are to the electorate, this type of evolution is generally unworkable.

What connected leadership looks like

- Leaders can communicate a clear purpose, direction and values as well as inspiring others to believe in that purpose and follow the direction.
- They act as authentic role models and stewards of the organisational purpose.
- They have a strong moral compass and are accountable for their behaviour.
- They are emotionally intelligent and self-aware, able to mobilise, focus and renew the collective energy of others.
- They are not afraid to share power so that decisions are made closer to the customer by people who are capable of making them in line with overall strategy and purpose.

- Collaboration and team working are emphasised as a better way to achieve great performance than through a more traditional command-and-control approach.
- Colleagues are encouraged to learn, to experiment and to adapt within the parameters of the organisation's purpose, direction and values.

What it doesn't look like

- A sense that the person at the top is always right.
- Leaders who believe what they say is more important than how they behave.
- Thinking that simply setting ambitious goals is enough to motivate people to give their best to achieve them.
- A lack of belief that building capability and culture is important to creating a truly connected organisation.
- Tenuous alignment between what they say is important and what they do – for example, mission statements about customer centricity are belied by budget cuts with direct impact on the customer experience when times are hard.
- Being overly controlling of even the smallest details.

Key benefits of connected leadership

The benefits of connected leadership are both tangible in terms of the impact on performance and intangible in that they create a high-performing culture which provides sustainable advantage in the marketplace. Specifically, the following benefits will arise from this approach:

- Creating an agile business able to respond quickly to changing customer needs and competitive pressures.
- Developing an empowered business where people take more ownership of decisions.
- Increased engagement so that people are keen to commit discretionary effort to the wider cause.

- Developing a learning business that is close to its customers and able to adapt to survive and flourish.
- Maintaining a strong spine of consistency that means everyone knows how to operate – freedom within a well-understood framework.

case study

Connected leadership at Mandarin Oriental

Mandarin Oriental Hotel Group is the award-winning owner and operator of some of the most luxurious hotels, resorts and residences located in prime destinations around the world. Its mission, 'to completely delight and satisfy our guests', began with the opening of its flagship property, The Mandarin, in 1963 in Hong Kong. The hotel, which was the tallest building on the island when it opened, soon built up an enviable reputation for service excellence, and instantly became a historic landmark – a status it still holds today.

In 1974 The Oriental in Bangkok, which was already acknowledged as one of the world's most legendary hotels, was partially acquired by the Mandarin Group, giving the company two flagship hotels whose names represented the very best in hospitality. As a consequence, the two famous hotels joined to create the brand Mandarin Oriental Hotel Group.

Today the Group, with 12,000 employees, is a global luxury player with a presence in major cities and resort destinations around the world. Its aim is not to be the biggest hotel group in the world, but to be recognised as providing the very best in luxury hospitality.

A connected organisation

In many ways, Mandarin Oriental embodies the factors of connected leadership. The business has standard operating practices and a core set of standards, which are essential to delivering an outstanding experience to guests. There is clear yet minimal direction from the centre and individual hotels take responsibility for decision making close to the customer. For example, some hotels offer a relaxed style of service, others are more formal. Although marketing is directed from

the centre, promotions are very localised. Furnishings and menus at each individual hotel reflect the local environment.

Overall, there is an effective balance between a strong centre which oversees group performance as a whole, and hotel managers who act autonomously within the core set of guiding principles and strong service standards.

The corporate head office is based in Hong Kong and the leadership team, or operating committee, get together every two to three months to take a company-wide view. Otherwise they focus on their functional areas such as food and beverage or rooms and quality. Chief Executive Edouard Ettedgui is deeply committed to the brand values and acts as a role model for the corporate vision and mission. He works closely with the operating committee and visits hotels regularly. While he is very aware of the detail of day-to-day activities, he focuses on overall strategy and vision and is regarded as an empowering CEO who believes in sharing responsibility across the organisation.

Jacqueline Moyses, Mandarin Oriental's head of organisational development, elaborates on the central/local equilibrium: 'While decision making at the centre is kept to a minimum and hotels are encouraged to have a lot of autonomy, they do operate within a framework of a very clear brand direction and a strong vision and mission statement which encapsulates the company ethos. That ethos is further underpinned by a set of guiding principles which is embedded in everyday operations. For example, when we open a new hotel we use certain standard operating policies and procedures but we give the individual management team freedom and responsibility to create a great customer experience at that hotel. We talk a lot about a sense of place. So when you experience our hotels you can see that, although there is a core set of standards, as hotels they are very different.'

This is part of the strategy which rejects the 'cookie cutter' approach taken by some of the very big hotel chains and instead believes that encouraging creativity, innovation and agility doesn't fit with a hierarchical style of leadership.

▶ The benefits of learning and listening

Mandarin Oriental recruits leaders and managers who can adapt to changing situations. Learning agility – the ability to apply existing knowledge to new challenges and swiftly create new solutions – is highly prized. There is a 90-day induction for every new employee, based around Mandarin Oriental's mission and guiding principles. The induction also covers health and safety and quality service standards, which are among the highest in the industry. 'We aim to enable people to learn the standards and also to encourage them to bring their own personality out,' says Jacqueline. There are regular performance reviews in line with the organisation's mission and values.

Mandarin Oriental continually monitors guest feedback in order to live its mission 'to completely delight and satisfy our guests' every day. Managers in each hotel meet every morning to review the previous day's activity. Guest surveys, staff feedback and mystery shopping activity are discussed and acted upon. 'This may sound quite regimented, but it isn't,' says Jacqueline. 'We can see the creativity that comes from giving people freedom to act.' The group also has a popular and well-used intranet where feedback, ideas and best practice are shared between hotels.

Collaboration is the norm within each hotel as well as across the entire business. As Jacqueline explains: 'As well as devolving decision making within a framework, we work hard at building effective teams, and at working across silos such as finance, food and beverage, and brand communications. We ensure that every department understands the challenges that colleagues in other departments face. This helps us to provide exceptional customer service.'

Connected leader's checklist

1. We are living in a post-heroic era where ego has to give way to what's best for the customer.
2. Colleagues and customers expect a localised experience with consistently high standards.
3. The five factors of connected leadership provide a framework for building a connected company when put into practice as a whole.

Notes

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- 24 Spillane *et al.*, op. cit.
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The end of business as usual?

This chapter examines three of the major trends that have been intensified by the relentless advance of modern technology and which demand new forms of a more connected style of leadership if organisations are to flourish. They are:

- the rise of the ‘new’ consumer
- the emergence of the networked society
- the arrival of the ‘Millennial’ generation and the implications for the workplace.

Understanding the big trends

As a leader, I’m sure you are well aware of the myriad challenges you face in trying to ensure that your organisation succeeds in a world with accelerating levels of complexity in what are increasingly unpredictable markets. For many of our clients, the tried-and-tested approaches to leading and managing the business, driving growth and keeping performance on track are proving to be less and less effective. To a large extent, that is because the strategic requirements now are multi-dimensional, where the nature of demand, the multiplicity of choice, the rise of affluence and the availability of information have combined to force an irrevocable shift of power to markets.

The key driver behind much of this change is the rate of technological advancement, with computing power rising exponentially and the 'Internet of Things' pushing that power into every area of our lives.¹ Moore's Law, based on analysis by Gordon Moore, co-founder of Intel, in the 1960s and 1970s, states that computing power doubles every two years, which means that the rate of change is dramatic.² In fact, it is exponential, which means that in the next few years we will experience changes we cannot even conceive of currently. As human beings, we simply aren't used to this breath-taking transformation of our environment and find it challenging to deal with.

One example of these changes is the shift in both personal and enterprise computing to the Cloud, transforming the way software is used by us all. Other industries that have changed within a few years are taxis with the Uber-led switch to mobile booking and room rental where Airbnb has opened up a new (often private) marketplace.

This chapter will examine three of the major trends which, rooted in this relentless advance of modern technology, are shaping today's business environment and encouraging the transition to the more connected model of leader:

- the rise of the 'new consumer'
- the emergence of the networked society
- the arrival of the 'Millennial' generation and the implications for the workplace.

The rise of the 'new consumer'

There is a fundamental and perhaps frightening revolution going on in the way in which organisations and customers interact: fundamental because the old ways of doing business no longer apply, overturned in a short space of time by the push of technology and the pull of globalisation; frightening because very few organisations are structured, either physically or philosophically, to cope with a process that demands such new behaviours.

The problem is that consumers are no longer as predictable as they once were. They are much better informed and hence more sceptical and cynical – although they still want to believe in something. Many want to be seen as individuals but at the same time are keen to be part of like-minded groups, whether physical or virtual. They want companies to give them exactly what they want and when they want it, but they also want the same companies to behave well – ethically and environmentally – while doing so.

Nor do consumers conform any longer to consistent segmentation models, acting differently at different times or in different parts of their lives. These apparently contradictory behaviours make it much harder for companies to plan according to past purchasing patterns or socio-economic class.

This surge in consumers' awareness and knowledge is grounded in the growing sophistication and accessibility of the internet. It is forcing companies to reflect those aspirations and demands and to do so in line with their stated purpose and direction. Any dissonance between what a company says and what it does can have an almost instant impact on performance.

In an article in *Wired* magazine, head of brand consultancy People-Made, Brook Calverley, argues that above everything else, what people respond to nowadays is a sense of sincerity, mentioning companies such as online shoe and clothing company Zappos: 'They are (all) successful because they authentically and truly deliver the things they say they are going to. When thinking about branding and marketing, do not spend too much on what the logo looks like or what your message is. It's important, but not as important as what you do and deliver, and as making sure it's a true, authentic and genuine reflection of your values.'³

The emergence of the open and networked society

The emergence of computer and social networks, and the resulting networked society in which we live, increasingly act as the channels through which companies and their customers relate to each other. We are now more connected and open than ever

before in our communications. Over the course of the last century television swept into our houses and telephones became ubiquitous. In the past 15 years mobile phones and the internet have changed the communications landscape so that we are now communicating and connecting on unprecedented levels. More than two-thirds of the world's population will be using smartphones by 2020, according to a report by the Swedish company Ericsson.⁴

The rapid rise in the popularity of social networks in recent years has precipitated an even greater increase in open transfer of information between people within and outside organisations, in the world where we can Skype with new contacts instantly wherever they are and explore the personal and professional lives of anyone who is active on Facebook or LinkedIn. The resulting information overload is said to be affecting cognition, as Eric Schmidt, CEO of Google, says: 'The level of interrupt, the sort of overwhelming rapidity of information . . . is in fact affecting cognition,' reducing our ability to learn and think deeply.

The rapid rise of social networks has also reduced the time organisations have to respond to communications by colleagues, customers or competitors and creates new levels of transparency into organisations. While the environment in which a company operates has become increasingly complex, the time it has to respond to situations is reducing significantly.

The social media landscape is changing rapidly, and its influence on people's lives is growing in a way that means we must embrace it if we are to be able to lead and do business with those people going forward. Our colleagues are also consumers, and each person is using social media in its many forms for connectivity and inclusion as well as for consumption and business. They seek value directly and through association, such as via brand reputation, access to thought leadership and new communities. Solis talks about the importance of 'listen, learn, adapt'.⁵ Too often there is a gap between what you as a business want to talk about and what they (customers and colleagues) want to talk about. Mutual value lies somewhere in the middle. It's often said

that the best listeners make the best conversationalists. By listening hard, we can continue to learn and adapt to improve how we engage people inside and outside the company.

As leaders of organisations it is important that we understand the implications of the increased levels of immediacy, global reach and interactivity that technology enables, as it opens up new and often more efficient relationships between consumers, between consumers and companies, and between companies themselves. That means we are in a position to have a far greater knowledge of the choices, decisions and behaviours of other people regardless of who or where they are. So our emphasis has to be on insight to drive speed and agility.

This idea of a more 'open' society was first mooted in the early 1930s by French philosopher Henri Bergson⁶ and elaborated upon by the Austrian-born British philosopher Karl Popper⁷ during the 1940s. Popper described the transition from a closed society, where deference and respect for those in authority (typically a more dependent or controlled relationship) was the dominant ethos, to a more open and dynamic society, where freedom and independence emphasise a sense of personal responsibility and decision making.

In 2012 the then US secretary of state, Hillary Clinton, told the Open Government Partnership meeting in Brazil that countries could become more secure and peaceful only if they were open: 'In the 21st century the US is convinced that one of the most significant divisions between nations will be not between east or west, nor over religion, so much as between open and closed societies. We believe that governments that hide from public view and dismiss ideas of openness and the aspirations of people for greater freedom will find it increasingly difficult to create a secure society.'⁸ Respecting rights isn't a choice leaders make day by day, it is the reason they govern, she argued.

If we substitute organisation for government, these same sentiments should resonate strongly with business leaders today. Social media facilitates a corresponding increase in the open

transfer of information between people and groups within and outside organisations. These pervasive horizontal networks move well beyond any artificial limits and pose challenges for traditional companies that are intent on maintaining their boundaries and keeping their information secret because these networks are not managed in the typical and traditional sense.

This freedom of information is also accelerating the opportunity for more distributed and complex forms of leadership to emerge both outside and within the organisational boundaries. Successful leaders will use influence and relationship building to ensure consistent organisational behaviour. Open and transparent relationships become the foundation for trust and collaboration.

Pawel Korzynski, a visiting fellow at Harvard University, has noted that because all managers will be working in an online environment within a few years, this will transform the role of the traditional leader to a 'leading interweaver who coordinates and facilitates the collaboration of a variety of networks'.⁹ This style of leadership moves away from a rigid hierarchical system based on set lines and distinct rules to being more participative and collaborative, using influence to enable people in the organisation to learn and operate effectively.

Online social networks can be seen as pure forms of the complex adaptive system since many are not 'managed' in any typical and traditional sense. Complex adaptive systems have been the subject of much research in recent years into how systems emerge that can adapt and flourish in very complex environments. This has led to increasing research into the forms of leadership that work in complex adaptive systems and I have drawn on this research to formulate the connected leadership approach since it helps to understand how organisations should change to flourish in this unpredictable world. The explosion of such networks is only accelerating the opportunity – and the need – for these more distributed and connected forms of leadership to emerge. This is something that will become more rapid and unavoidable in coming years.

Connectivity is a digital leadership skill

‘A [key] skill is connectivity. Digital leaders embrace technologies (such as apps, personalization, and social media) that help companies establish deeper connections between a brand and its customers – and thus give them more rewarding experiences. Such connections can also deeply inform product development.’

Catlin et al.¹⁰

The arrival of the ‘Millennials’

The arrival of the so-called Millennials (those born between the early 1980s and the late 1990s) into the workforce is creating another cultural shift, one that will have a profound impact on how leadership works in practice. Consulting firm Deloitte carried out its fourth annual Millennial Survey among almost 8,000 people in 29 countries on effective leadership and how business operates and impacts society.¹¹ Almost three-quarters of them reckoned that businesses are focused on their own agendas rather than on helping to improve society, with less than one-third (28 per cent) saying that their current organisation is making full use of their skills.

In terms of priorities, Millennials believe that an organisation’s treatment of its employees is the most important consideration when deciding whether it can be classed as a leader. They then consider its overall impact on society, its financial performance, its record for creating innovative products or services, and whether it has a well-defined and meaningful purpose to which it is true.

When evaluating leadership, Millennials pay little regard to an organisation’s scope or scale, its overt charitable activity, or the profiles of senior executives. Overall, Millennials tend to regard businesses’ approach to leadership as too traditional and

inward-looking. While they believe the pursuit of profit is important, that pursuit needs to be accompanied by a sense of purpose, by efforts to create innovative products or services and, above all, by consideration of individuals as employees and members of society.

This echoes a large-scale study carried out by leading business school INSEAD, in collaboration with Singapore-based educational think tank the HEAD Foundation (published in *Harvard Business Review*), into how Millennial attitudes and actions vary across the globe, and the implications for employers.¹² When asked what it is Millennials considered most attractive in a managerial/leadership role, while high future earnings stood out as the main driver globally, the opportunity to influence an organisation rated strongly among a number of regional groupings such as Africa, Western Europe, Central and Eastern Europe, Latin and North America. Earning potential was the most attractive factor in Asia Pacific as well as being a key factor in Central and Eastern Europe. In the Middle East, power to make decisions was the predominant factor. In Latin America, working with strategic challenges was also a key factor for Millennials. So we can see a varied range of factors influencing what Millennials are looking for in managerial/leadership roles, suggesting a generation where power and pay are not the only motivators for career development.

What about Generation Z, the group of people even younger than the Millennials (who are also known as Generation Y)? Global research from Randstad and Millennial Branding reveals Gen Z (born mid to late 1990s) is more entrepreneurial, less motivated by money and more focused on face-to-face communication than the Millennials.¹³ Despite growing up with technology, the majority actually prefer face-to-face communication over tools like instant messaging and video conferencing. They also appear to be more realistic than optimistic, having grown up during recession, suggesting they will come to the workplace better prepared, less entitled and more equipped to succeed.

More than half of both Gen Z and Gen Y state that honesty is the most important quality for being a good leader. Next to that,

they value ‘a solid vision’ and good communication skills. As we increasingly separate different generations along narrower age bands, leaders need to learn how to juggle the preferences of four or five distinct generations working side by side in the workplace.

Summary

Rising consumer expectations are driving change in companies around the world. ‘The customer is much more demanding, you’ve got to be agile, you’ve got to be fast,’ says Tanith Dodge, group HR director at Marks and Spencer. Driven by the way the internet has opened up access to information and choice, consumer behaviour is becoming more volatile. This creates problems for those organisations built on more traditional assumptions about supply and demand, with a level of predictability and loyalty built in.

In the open networked society we experience every day, there is increasing complexity that requires a level of agility and transparency that many companies are struggling with. In addition, multi-generational employees from the Millennials (and Gen Z) seek and expect a level of influence that is, from the outset, more challenging of the traditional hierarchy than previous generations.

These factors, driven by the exponential increase in computer processing power and its widespread effects in areas such as mobile internet proliferation, the ‘Internet of Things’ and social networking, are creating an environment for companies that is difficult to navigate with traditional models of thinking and behaving.

A common phrase used by CEOs in many organisations I meet is ‘we are living in a VUCA world’, describing the volatile, uncertain, complex and ambiguous world in which they are operating. Originally used in the US military, the phrase VUCA has become a shorthand for the need to think in a more flexible, joined-up and open-minded way, not always using the same methods as in the past, and being open to new ways of working.¹⁴ One CEO said he was keen to challenge people across the business to think

differently, and to embrace change and new ways of achieving growth as the business became increasingly international and complex in itself. This ties in closely with complexity leadership, discussed earlier in this chapter. This connected, sometimes chaotic and unpredictable world requires a new approach to leadership.

Connected leader's checklist

1. Technology is driving changes in how our customers and colleagues think and behave at such a rate that agility is now the priority for many organisations.
2. Agility comes from devolving decisions, creating high levels of collaboration and building a learning culture.
3. With such a rate of change, leaders cannot expect to have all of the answers: letting go lets others get going.

Notes

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The connected leadership challenge

Chapter 1 introduced you to the five factors which when combined can help develop the connected organisation. In this chapter we consider them in a bit more detail through the following framework:

- What does the connected organisation look like?
- How should leaders behave to achieve that?

At the end is the connected company questionnaire, which will give you a better idea of the gap between where your organisation currently stands and where it should be, so that you can plan how to bridge that gap.

Reinventing leadership

As discussed in the previous chapter, the challenges facing today's organisations are daunting. They transcend markets, geographies and sectors. Many of these challenges are caused by the exponential rate of technological innovation and capacity, but some are rooted in the upheavals caused by the global financial crisis, the associated loss of trust in corporate and governmental institutions, and consumer empowerment.

How can organisations respond? Many are seeking to develop a culture that operates with an almost organic ability to adapt and work in a joined-up way. They are looking to a more connected

model with an ethos of devolved decision making and collaboration, which allows for quick adjustments to changing conditions. Unlike the decades-old hierarchical structures built on giving orders from on high, this is more fluid, with a more sophisticated mix of highly coordinated activity and localised service delivery.

The emerging style of leadership to support this model is more in tune with high levels of customer expectation, in terms of both the quality and the value of the products and services you provide and customers' perception of your trustworthiness as an organisation. Sometimes this is focused on rebuilding trust when corporate reputations have been rocked by scandal. Other times it is about encouraging people to adapt and learn in local markets to stay close to accelerating customer expectations while remaining true to the core mission of the organisation. Fundamentally, however, it is about reinventing what we mean by leadership, moving from the cult of the leader as hero to a new post-heroic culture, which is more in line with society's emphasis on values, democracy and transparency of information.

What makes a good CEO?

'Being a good CEO is about far more than just investment performance. Leading a company and creating value depend on many skills that are hard to measure – strategic vision, authenticity, long-term planning. And investors certainly aren't the only stakeholders that need tending to; the best-run companies connect effectively with customers, employees, and the communities where they operate.'

Ignatius¹

Transformation on the scale required to achieve this model might seem overwhelming at first. But by adopting a planned and sustained approach which involves people across the organisation, companies can achieve this level of change, as some of the case studies in this book demonstrate. This transition comes from

working through the five factors first discussed in Chapter 1 and illustrated in Figure 3.1.



figure 3.1 Connected leadership framework

Taking each in turn, here is a description of what these factors mean with an example of how each works in practice.

- **Purpose and direction** enables you to create clarity and belief, so that your colleagues can buy into what they are doing together and why it is worthwhile. Purpose is about the higher emotional or ethical mission of the organisation, why it exists and what its unique contribution is to the world. Direction is about the longer-term vision of the organisation, what it is seeking to achieve and the strategy to help achieve it. At Standard Chartered Bank the purpose is ‘Here for good’, which is a bold statement of accountability and long-term thinking. The bank’s direction is to be the leading international bank, which requires it to invest in customer connectivity and make its network highly effective and efficient.
- **Authenticity** enables you to create trust by insisting on values-based leadership, which is rooted in open and transparent relationships between leaders and followers across the

organisational structure. At UK retailer Marks and Spencer, for example, its values include being 'in touch'. Its leaders work hard to be in touch with colleagues, customers, suppliers and other stakeholders, partly through its 'Plan A' sustainability programme and partly through everyday interactions, in order to achieve a sustainable long-term business that people can trust.

- **Devolved decision making** enables you to create involvement by ensuring that decisions are made at the appropriate level in the hierarchy as close to the customer as possible. At Spanish-based Inditex, owner of the Zara retailing brand, store managers and their teams decide what stock to order, based on what customers are buying, and, perhaps more importantly, what they are not. Each evening they review sales and what customers have tried on and rejected, and order accordingly to reflect local demand.
- **Collaborative achievement** enables you to create results through working together as teams to achieve shared outcomes such as end-to-end process efficiency and flexibility. In the case of the UK's Olympic athletes, Team GB, the emphasis on individual athletes and teams working together to learn from each other and swap great ideas across disciplines was one of the drivers of the team's great success in winning 29 gold medals at the London Olympics in 2012.
- **Agility** enables you to respond to changing conditions by developing a culture of continuous improvement and adaptation to changing customer trends and competitor activity, in line with the organisation's purpose and direction. A good example is Three, the UK mobile operator. The company has a strong culture of challenging the market norms by thinking differently, which it put into practice in 2014 by allowing customers to use their smartphones internationally on the same tariff as in the UK, a popular move that led to the company's customer rating improving dramatically.

The connections in this chain of factors all need to be strong for it to work in a sustainable, reliable way. These connections rely on a high degree of trust among people in the organisation: trust that each person and team will play their part in the process and trust

that each person and team will do what's best for the whole business based on an explicit and shared sense of purpose and clear priorities understood consistently across the whole business.

Leaders face a complex set of challenges

The longest recession in living memory at the end of the 2000s created a widespread erosion of trust, with organisations everywhere finding themselves dealing with the changing demands of customers and an unpredictable world. In early 2015 Ipsos MORI and Cirrus² decided to look more deeply at the legacy of this financial upheaval to try to answer questions such as:

- Has the recession changed the nature of the workplace? If so, how?
- Are we returning to the way things were pre-2008, or is there a 'new' normal?
- What should business leaders (in this case, of corporate UK) be focusing on as they seek to navigate their way through this new landscape?

The research involved speaking to some of the most influential C-suite leaders and HR and business professionals in the UK, both through Ipsos MORI's survey of more than 100 captains of industry and Cirrus interviews with a wide cross-section of senior HR and business professionals.

One of the key findings was that in the UK business leaders are alert to the risks of short-termism. A recurring theme was the need to build for the future in order to deliver sustainable growth. However, if long-term growth is a driving force for leaders, the key question is: how should they lead their organisations to deliver this?

As Figures 3.2–3.4 show, the five factors discussed previously appear to fall into three levels of priority among business leaders. The biggest priorities, shared by almost two-thirds of leaders, are making sure that their companies are agile and having a sense of shared purpose and direction, as in Figure 3.2.

In the increasingly complex world discussed in Chapter 2 this is no surprise, showing that leaders want greater ability to respond

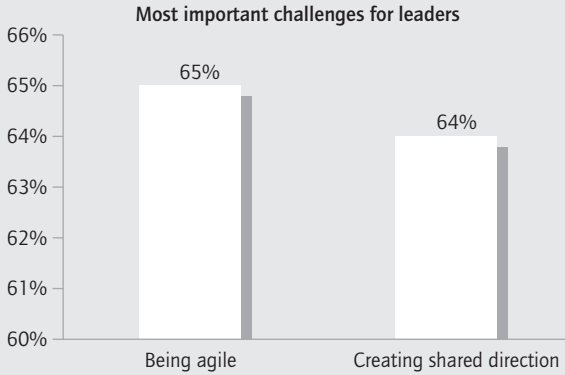


figure 3.2 Highest priorities for business leaders

Source: <http://cirrus-connect.com/news/ipsos-mori-and-cirrus-launch-joint-research-project-6918#sthash.TEAIKQBu.dpuf>

to the changing conditions they face and at the same time to maintain coherence of action across their organisation.

The next band of priorities shown in Figure 3.3 is collaboration and creating shared values, cited by just over half of the respondents.



figure 3.3 Next priorities for business leaders

Source: <http://cirrus-connect.com/news/ipsos-mori-and-cirrus-launch-joint-research-project-6918#sthash.TEAIKQBu.dpuf>

This suggests that leaders recognise the importance of people working well together in teams and along the process as well as having a clear code of conduct to support this, in order to achieve agility and strategic flexibility in the volatile markets in which they often operate.

Perhaps surprisingly, however, in Figure 3.4 we see that shared or devolved decision making is a key priority for only 17 per cent of leaders. This suggests that senior leaders do not see the need for shared or devolved decision making, whereas it is an important pre-requisite of increased agility and it supports improved levels of collaboration. If you have an empowered culture, where people feel confident and competent to take on the increased responsibility for decision making, you will increase the level of local responsiveness to customer needs and competitive activity. This is therefore a challenge: to get C-suite executives to appreciate the value of devolving decisions to enable increased agility.



figure 3.4 Lowest priority for business leaders

Source: <http://cirrus-connect.com/news/ipsos-mori-and-cirrus-launch-joint-research-project-6918#sthash.TEAIKQBpuf>

In the following sections we explore more about the five factors from both the organisational and the leadership perspectives.

What does the connected organisation look like?

As we look at the connected leadership factors from the point of view of how to create a connected organisation, I hope you can start to understand where to find both your company's strengths (which you can build on) and the gaps (which need filling).

1 Purpose and direction

The characteristics of a connected organisation in terms of purpose and direction include:

- We have a shared understanding of why we exist as an organisation.
- We have a clear sense of what we are trying to achieve as an organisation.
- Our overall strategy provides consistent parameters for action across all levels of the organisation.
- A line of sight exists between each person's goals and the organisation's strategic goals.

The *direction* is about where the organisation is going: the vision for the future and the strategy of how to get there in terms of planning, budgets, setting priorities, resource allocation and so on. The *purpose* is the answer to the question 'why?' as opposed to the 'what' and 'where' of the direction. It considers:

- Why is the nature of our work important and meaningful?
- Why is it more than simply generating financial returns for our shareholders?
- What purpose does the enterprise have in society for all our stakeholders?
- Is what we are trying to achieve and where we are going closely aligned with our purpose?
- Are we giving everyone the sense of a higher order of value than simply seeing what they do as a job with a salary?

There is another way to define the difference between purpose and direction. An organisation might have a very well-defined strategy

in place as part of the determination to be, say, number one in the market by 2020. But the people in the enterprise might have no sense of *why* that's important. This should be articulated through what we call the organisational narrative: the story the organisation tells about itself. It has to resonate strongly enough to engage colleagues in or with a vision, whether it's called a mission statement or another form of words that explains 'why we exist'.

For example, the *purpose* of Richard Branson's Virgin Group from its very early days has been to identify markets where there are incumbent suppliers such as in the music and airline industries, and set out to shake up those markets by changing the rules on behalf of customers. This gives colleagues a strong sense of purpose. They buy into it because they see it has real meaning. The strategic *direction* is often focused on changing the customer experience, so that they perceive increased value and want to return. The direction is completely in line with the higher purpose represented by the Virgin brand.

2 Authenticity

The characteristics of a connected organisation in terms of authenticity include:

- managers at all levels build open and trusting relationships with all colleagues
- managers and colleagues have strong self-awareness and emotional intelligence
- managers act, and encourage others to act, on a balanced processing of information (awareness of what is happening now)
- managers and colleagues always act in the best interests of the whole organisation.

Purpose and direction go together because they are about *what* the organisation does and *why* it is significant. They define and give emphasis to its meaning in the world, which in turn gives the people who work there a shared sense of doing something worthwhile, of making a difference. The second connected leadership factor, authenticity, is more about *how* the business operates. This

includes what the values, the culture and norms are based on, which is often reflected in the character of the senior leaders and the principles on which they make decisions, as well as the degree to which they foster open and transparent relationships.

Making this explicit is both important and helpful. Unless you communicate effectively with people across the business to develop and sustain a good level of understanding about what values you share and what behaviours are therefore valued or not wanted, colleagues have no reference point. In one client I work with, the CEO replaced two successful board members over a two-year period because they were not living the values of the organisation. Despite repeated challenges from the CEO, the two executives chose to continue to behave in ways that demonstrated a moral pragmatism that the CEO found unacceptable. The signal to everyone else in the business was clear: we take our values seriously and they are not negotiable, even if you are performing well in other ways.

If senior leaders and the organisation communicate values that are not seen in practice, in the everyday way leaders make decisions, manage performance, promote people and so on, these 'espoused values'³ in fact highlight a disconnect between what the leaders say and what they do, which discourages trust among colleagues. A common feature among many of the businesses I meet in my work is this lack of trust among colleagues in the senior leaders of their organisation. If people hear one thing and see another played out in practice, they are unlikely to believe the words or the underlying intentions of the leaders involved. Organisations where front-line employees trusted senior leadership posted a 42 per cent higher return on shareholder investment over those firms where distrust was the norm.⁴ Trust matters, and is a foundation stone for effective distributed leadership.

Therefore, open, transparent and trusting relationships are the fundamental enabler for the successful and connected organisation. When these relationships are in place, leaders can give authority to others to take decisions and make things happen,

and others feel comfortable and confident to take that authority and its associated risks.

3 Devolved decision making

The characteristics of a connected organisation in terms of devolved decision making include:

- service-oriented decisions are taken as close to the customer as possible
- only key strategic decisions are made centrally
- local decisions are based on the best response to local circumstances within the organisation's overall parameters
- unified management information is available to support joined-up decision making.

Devolved decision making involves sharing power across the organisation based on the principle of each level making the decisions only they can make. The board, for example, is in many companies the only group that can make long-term strategic decisions about resource allocation, culture, market priorities and so on. If they focus on these, and enable their teams to make other decisions, they will provide a clear strategic lead for the business, which gives a clear framework within which others can then make decisions and operate effectively. It gives people the flexibility and freedom to operate and make decisions closer to the customer, confident that what they are doing is in line with the corporate purpose, direction and values.

But people need to be clear about what decisions it is best for them to make. They also need access to good information on which to base those decisions and to understand the implications of their decisions for the rest of the organisation and its wider stakeholders, from customers to regulators.

In the research conducted by Ipsos MORI and Cirrus in early 2015, this is the factor that is the least popular among CEOs.⁵ This could be the result of the natural human tendency in senior leaders to seek and exercise high levels of control in order to ensure

the ‘right’ outcome. But it breeds a more compliant, less intelligent organisation, and one where decisions are delegated upwards and the commitment to executing decisions is reduced because people have not made the decision themselves. They have been, in effect, disempowered.

Success in the transition to a more empowered environment is not simply a case of delegating more decisions and hoping it works. It needs to be based on persistent support and coaching from senior leaders, to develop in their teams the skills and judgement to make and execute sound decisions. It also requires high-quality and simple management information to provide more junior managers with the insight needed to make sound judgements about the best course of action in any given scenario. And it needs regular feedback for managers from senior leaders to help fine-tune their insight, judgement and ability to understand and manage risk.

If empowerment is a shared activity between more senior and more junior people, where the latter are receiving more power to decide and developing the ability to use it wisely, it can transform the more junior person’s confidence, capability to decide and execute effectively, and readiness for more senior roles.

All of this is best happening when the ‘spine’ of the organisation is strong: the vision, the purpose, the values and the strategy are all clear, coherent and well understood across the business. With this in place, leadership can be distributed more widely, safe in the knowledge that people have clear parameters and support in place to do what’s best for the business. Underpinning all of this is the culture of the organisation, which needs to be focused on learning, not blame, on the customer, not on internal priorities, and on simplicity, not bureaucracy.

4 Collaborative achievement

The characteristics of a connected organisation in terms of collaborative achievement include:

- high-performing team working is the norm
- there is strong cross-functional working and mutual influence across the organisation

- reward structures are based on collective merit more than individualistic performance
- open and purposeful conversations predominate.

Building teams that collaborate effectively across the business is increasingly recognised as a source of innovation and agility in successful businesses. This team-working mindset operates on a number of levels.

- At the top, if the members of the board or senior leadership team work well together, in a trusting and mutually supportive way where egos are unimportant, they will set a tone for the rest of the business that collaboration is key.
- More widely across the business, if teams work across functions and business units to produce the best outcome for customers, the end-to-end processes will tend to function effectively.
- In the context of external relationships, if suppliers, unions and other stakeholders are treated with respect, as well as sharing challenging standards of quality and efficiency, the organisation will tend to benefit from improved functioning and flexible supply.

Collaborative teams operate through a code of conduct that encompasses clear and shared priorities, agreed principles of behaviour that are acceptable and not acceptable, and a clear line of sight between where the organisation wants to go and each individual's and team's role in getting there. Reward structures that reinforce positive behaviour that are in the best interests of customers rather than individual objectives only are also important, as is a low tolerance of uncooperative behaviour.

An important foundation stone for effective collaboration within and between teams is that everyone who works in the organisation has a deep understanding of its purpose and direction. This allows them to ask themselves regularly, 'How can my role contribute to our overall endgame?' Once again, this framework should provide clarity on where to focus collaborative efforts in the wider interests of the whole enterprise.

5 Agility

Agility is not just about one's short-term response to a threat but about embedding the long-term capability to identify and respond quickly to emerging threats and challenges in a world with high levels of complexity and uncertainty.

The characteristics of an agile organisation include:

- all teams work hard at continuous improvement and are focused on what's best for the customer
- the culture supports experimentation without blame
- knowledge is shared freely to facilitate innovation and improvement
- people are developed to do their best at all levels without discrimination.

What makes the difference is that colleagues don't have to refer all decisions up the chain and wait for a response. If everyone knows what the customer experience is meant to be like, and why it is important, they can adapt it to local circumstances and achieve the right outcome on behalf of the business. This is why it is so important to have a deep and clear understanding about the company's shared direction, purpose and values across the whole business, as it offers people higher degrees of freedom within a firm framework (the 'freedom framework'). This in turn encourages people to take greater responsibility for outcomes such as sales, each customer's experience and longer-term loyalty, while driving initiative and discretionary effort.

These characteristics also provide the business with the ability to change rapidly and to adopt new ways of working with an open mind rather than a resistant mindset. This adaptability is increasingly important in the VUCA environment in which we are operating.

Leadership brand

In order to create a connected company it is important to develop leadership capability across the business. In the age of the post-heroic leader it is not sufficient to develop individual leaders and

hope that they link up. Instead I recommend adopting the concept of a leadership brand, which was originally proposed by Ulrich and Smallwood in 2007⁶ in their *Harvard Business Review* article, whereby you define the leadership attributes that will differentiate you in the eyes of your customers based on the reputation you wish to have with them. Your leadership brand needs to be grounded in how your 'leaders deliver value to customers by connecting employee actions to what customers want'.⁷ Clearly there are some fundamental leadership attributes that all managers and leaders need and you need to recruit for and develop these in your organisation. Ulrich and Smallwood propose strategy formulation and execution, talent management and development, and personal proficiency as the key elements of these 'leadership foundations'.

In addition to these, however, if you focus on those particular attributes that will drive success for your business based on what you want to be known for (in line with your overall purpose, direction and values), you will create a more single-minded momentum in that direction and you will be more likely to achieve that reputation in practice. Three, the UK mobile operator, for example, wants to be known for making mobile better and so the company develops leaders to be explorers, seeking opportunities to reinvent ways to achieve customer delight and 'make it right'.

Connected leadership provides you with a set of capabilities to draw on as you define your leadership brand. It gives a blueprint for leadership in the complex networked society in which we operate and so is in itself sufficient and comprehensive. But you can also tailor it to fit in with the particular reputation and customer value you seek to deliver, which might involve emphasising particular factors or it might mean creating a revised version that resonates with your particular strategic intent. Either way, connected leadership is a synthesis of major research into leadership in the 21st century and what it takes to create leadership as an organisational capability,⁸ so if you omit any of the factors it will be incomplete. The opportunity therefore is for you to define your particular leadership brand and to use all of the connected leadership framework in a way that best fits with that brand, so that you are placing the emphasis where it best suits your differentiated strategic intent.

In my experience the best way to define your leadership brand is through a process of research, facilitated dialogue and expert branding. The research should include your strategic documentation such as business plans, values and brand promise, senior executive interviews, interviews or focus groups from across the business with various stakeholder groups such as colleagues, unions and investors, and listening to customers about what they value particularly and what they would value more about doing business with you. It is great if you can open up the research through the use of social media to create a company-wide debate about what great leadership would look like for your business and for your customers.

The dialogue should be focused on making sense of all of the research data, drawing out what it is saying fundamentally about what is your point of difference in the eyes of your most valued customers, and identifying the core themes on which it makes sense for you to focus in building leadership as a core capability as an organisation. You are not taking the research data as a given, you are using it as input to the process of drawing out the key insights you need to define the sweet spot for your leadership brand. These stages may take several iterations in order to get commitment from all key stakeholders, but it is worth the effort in order to get commitment to the outcome.

Once this is all clear you can craft the themes into a brand identity that is memorable, compelling and resonates with your company's culture and style. Above all, it needs to be simple, immediately relevant to all leaders across the business, and to include in an appropriate blend the factors of connected leadership. As with any branding activity, the definition and design are important, but you will gain benefit from it only when it is embedded in the hearts and minds of its intended audience, so its communications and bringing it to life through all stages of the leadership experience in your company are key to making it deliver real value. This means that your leadership brand needs to become a key reference for your leadership selection criteria, development programmes, performance management and

succession planning. In this way you will orientate all decision making about who is a leader in your business towards the customer reputation you want to achieve. The results are a more concerted movement in the same direction towards the leadership approach you desire, more coherent selection and development of leaders, and a shared mindset among leaders of what's important around here. This can be a powerfully unifying experience among your leadership community if done well.

What does the connected leader look like?

1 Purpose and direction

The characteristics of the leader who has strong capability in the area of purpose and direction include:

- **Storytelling expertise:** the leader knows how to deliver the organisational story effectively and with genuine commitment. Leaders understand the power of communication and influence to connect colleagues to the strategy by enabling people around them to make it practical and relevant, so they can appreciate how each individual contributes to the overall purpose and direction of the business.
- **Engagement:** the leader communicates the purpose and direction in a way that engages each employee through their head so that they know what it means, through their heart so that they feel connected, and through their spirit so they develop a real sense of being part of something more than just being in a job.
- **Dialogue:** the leader is able to talk with people as individuals and encourage them to tell the stories that both spread understanding of the purpose and direction and share experience and learning more widely within and outside the organisation.
- **Sensemaking:** the leader helps people make sense of what they are doing and why it is important, and thus enables people to identify more strongly with the organisation and its role in the world.

To sum up, this leader has a sense of mission that is contagious and a clarity of purpose that inspires others to act with a similar intent.

2 Authenticity

The characteristics of the authentic leader include:

- **Genuine role model:** the leader's behaviour demonstrates the values every day. These leaders are intolerant of behaviour that shows the opposite of the values. They have a strong moral compass and understand that actions speak more loudly than words.
- **Self-awareness:** the leader is in tune with their own emotions and able to manage them effectively so that their emotional reactions to events don't interrupt positive behaviours involuntarily.
- **Open and transparent relationships:** the leader encourages a high degree of honesty based on mutual respect.
- **Balanced processing of information:** the leader seeks an objective perspective and to make sense of each situation in an unbiased way so that they can encourage balanced decision making and action.

In other words, this leader can be trusted to behave consistently and in line with what they say is important. They also recruit and recognise people who demonstrate the values in order to build a values-based culture.

3 Devolved decision making

The characteristics of the empowering leader include:

- **Belief in others:** the leader has a strong belief in the ability of others to do a great job and they trust others to be experts in their field, to make sense of situations and to choose a path that they would choose or support themselves.
- **Clear parameters:** the leader communicates well to other people the goal, what are the givens and what is each team's

role in achieving the goal. This clarity provides others with a simple framework in which to take effective decisions, depending on the situations they encounter along the way.

- **Coaching:** the leader actively develops their team members to be as competent at decision making as they can, which includes getting sufficient involvement, adopting an appropriate perspective, looking for and using relevant facts, focusing on the desired outcomes and ensuring balance as well as pace. The more the leader coaches their team members to become great decision makers, the more confident they become in empowering their own teams, creating a positive cycle of reinforcement.

The empowering leader will typically generate huge loyalty from their team members, which in turn leads to increased effort and achievement of goals. They are also developing the leaders of the future, which is the talent that will fuel growth and succession.

4 Collaborative achievement

The characteristics of the collaborative leader include:

- **Team building:** the leader believes that teams are an effective way to get things done⁹ and that they create an environment where people are more likely to give of their best. The leader sees their role as nurturing the team through developing mutual respect, a depth of shared understanding and an intolerance of behaviours that weaken the team.
- **Stakeholder management:** the leader recognises and builds trusting relationships with those who have a vested interest in the performance of the leader's area of responsibility, gaining their confidence and support.
- **Multi-team collaboration:** the leader develops proactive cooperation between teams, especially those that interact along the end-to-end processes of the business, rewarding behaviour that is in the best interests of the business and its customers, rather than necessarily in the local interests of a particular team or business unit. They develop a quality of

dialogue that is purposeful, focused on achieving concrete outcomes and respectful of the interests of all parties.

- **Influence and open to influence:** the leader recognises that to lead is to influence, and that the most sustainable form of influence is mutual, where each person involved listens to and is open to influence from the other. Mutual influence promotes collaboration, trust and a sense of shared goals that builds stronger bonds between teams across the organisation.

This leader gets the best from their team and enables cross-functional collaboration to drive results for the customer.

5 Agility

The characteristics of the leader who can help to create an agile organisation include:

- **Curiosity and insight:** the leader is keen to learn, determined to stay in tune with the changing needs of their customers and actively encourages this mindset among their entire team.
- **Improvement and innovation:** the leader is dissatisfied with current wisdom, seeking to improve processes, products and ways of working. In some roles where there is scope for it, the leader is also focused on achieving innovations that change the rules, creating space for others to dream and invent ways to attract and retain customers.
- **Leading change:** the leader engages their people in the benefits of changing in order to be more effective or efficient. They help people to embrace changes, recognising that this can sometimes be a difficult transition for people to make. They trust their people and earn that trust in return, based on always having the best interests of all parties at heart, whatever the decisions that need to be made.
- **Manage ambiguity:** the leader helps people to make sense of the ambiguity in work, the need, for example, to act consistently with others in the business to deliver a great customer experience while also encouraging individual moments of brilliance to make that experience special.

The agile leader enables their people to learn, be flexible and change within the framework set by the company's purpose, direction and values.

case study

Leading from the front

This family-owned business, originally founded in the 1930s, grew rapidly in the 1980s through acquisitions and disposals as well as organic growth. The company is home to a range of leading brands and is widely regarded as a great global success story.

The current chief executive officer (CEO) is the third generation of the family to lead the business. Over the past few years he has been focused on equipping the organisation to face the challenges from an increasingly volatile, unpredictable, complex and ambiguous business environment by encouraging people to think differently, embrace change and find new ways to grow. An advocate of connected leadership, he has been adapting how the organisation operates by moving towards a model of shared responsibility and devolved decision making across the business.

Starting at the top

During 2012 the CEO decided to accelerate the transition of the business towards a more distributed form of leadership, using the strategic planning process as the focus for a shift in style and decision making. He was also keen to increase collaboration and coherence across different brands and functions, supported by improved relationships based on the organisation's values. The overarching goal was to define a clear purpose and vision to guide this distributed decision making in a coherent long-term way.

The first stage of the process began with a day-long meeting of the executive committee, which included the CEO, the chief financial officer, the chief operating officer plus the head of legal affairs and the president of the organisation's biggest brand. The discussion covered several topics, including their roles as leaders, how they could individually be more effective and how they could better operate as a leadership team.

▶ They also discussed how they could help the next level – the brand managing directors (MDs) and the heads of the central functions – to operate more collaboratively and with a more strategic perspective and less of a focus on the details. They then agreed specific plans to adapt their roles to become more enabling and less directive as leaders.

Breaking down silos

The next significant event was to bring together the brand MDs and functional heads for the first time to explore ways to operate more as a joined-up business than as a series of independent brands, with the CEO encouraging the participants to have a stronger voice. It resulted in this group asking for the executive to share more information on a regular basis and led to the formation of a global leadership forum to maintain momentum. This all contributed to an increased strengthening of trust and a sense of shared purpose between the brands themselves and the brands and the functional heads of departments.

Over the coming months further meetings saw the joint development of the organisation's vision, purpose and ambition, the drawing up of strategic plans by both the brands and the functions developed through collaboration and dialogue, and the alignment of those strategic plans with the overall annual and longer-term budgets. This led naturally to defining the shared vision and the business plan to achieve it.

By the end of 2012 the executive team began the process of engaging the rest of the business in the vision and the associated business plan so that colleagues and their teams understood their roles in achieving the overall goals by making clear:

- why the company exists (its purpose)
- what it is trying to achieve (its vision)
- how it behaves (its values).

A more joined-up business

The business benefits have been significant. Leadership capability has demonstrably improved at every level of the organisation from the top down. Managers cite an increasingly balanced approach to decision making, while the way the organisation sets its strategic plans and

▶

operates as a result has changed significantly. The business plans are more robust and well understood, resulting in a deeper commitment to implementation and more consistent action across the brands and functions.

Other benefits include the following:

- The chain of command has become one of increased expectations, performance and effective leadership.
- Improvement in team working and collaboration across teams has created an environment for shared accountability and joint product innovation.
- Better dialogue enables colleagues to learn from the experience of others and develop joint plans (such as joint market entry).
- There has been an increase in fact-based, balanced decision making.
- The organisation is achieving its vision to become a truly competitive global brand management business, rather than a collection of separately managed brands.

Next steps

In this chapter we have explored what connected leadership means at both the organisational and the personal leader levels. In the next chapter we will dig into these topics in more detail so that it becomes increasingly practical, giving you insights and activities that you can use at work to move further along the journey towards being truly connected. Below you can take a simple questionnaire that will enable you to define where your organisation is on that journey right now and where you could be focusing your effort to make most progress in the future.

Connected company questionnaire

In order to analyse where your organisation is currently relative to the connected company model, and therefore where you might want to focus your attention in developing new ways of working, here is a simple survey that covers each of the five factors. You can

use it to diagnose your current position and to develop plans for the connected leadership journey. You can also use it as a checklist for your own ways of working as a leader, either by completing it yourself or by doing it with your team as a basis for discussion.

This questionnaire is designed to help you assess where your organisation, or perhaps the part of the organisation in which you work, is on the journey towards being fully connected. If you are answering it based on a sub-set of the organisation, please be consistent throughout.

Please rate each statement based on your honest assessment of how true this is as a description of the organisation in which you work. Where you are assessing a part of the organisation, please answer in relation to that part only. The rating scale is as follows:

1 – strongly disagree

2 – disagree

3 – neither agree nor disagree

4 – agree

5 – strongly agree

If in doubt, please choose the score that best reflects your overall assessment of the situation currently in your organisation.

No.	Description	1	2	3	4	5
In this organisation . . .		1 = strongly disagree 5 = strongly agree				
1	We have a shared understanding of why we exist as an organisation					
2	We have a clear sense of what we are trying to achieve as an organisation					
3	The organisation's strategy provides clear and consistent guidance on what's important for all functions/teams					
4	Each person's goals are linked directly to the organisation's strategic goals					

No.	Description	1	2	3	4	5
Sub-total A (add up the total scores in this section)						
5	Managers at all levels build open and trusting relationships with colleagues					
6	Managers have strong self-awareness and emotional intelligence					
7	Managers act, and encourage others to act, on balanced processing of information					
8	Managers always act in the best interests of the whole organisation					
Sub-total B (add up the total scores in this section)						
9	Service-oriented decisions are taken as close to the customer as possible					
10	Only key strategic decisions are made centrally					
11	Local decisions are based on the best response to local circumstances based on the organisation's overall strategic priorities					
12	Consistent management information is available to support joined-up decision making across the organisation					
Sub-total C (add up the total scores in this section)						
13	High-performing team working is the norm					
14	Strong cross-functional working is the norm					
15	Reward structures are based on collective merit more than individualistic performance					
16	Open and purposeful conversations predominate					
Sub-total D (add up the total scores in this section)						
17	All teams work hard at continuous improvement focused on what's best for the customer					
18	Our culture supports experimentation without blame					
19	Knowledge is shared freely to facilitate innovation and improvement					
20	People are developed to do their best at all levels without discrimination					
Sub-total E (add up the total scores in this section)						

Score summary

Sub-total	Description	Score
A	Purpose and direction The extent to which the organisation has a clear sense of purpose and direction that is embedded in the way the whole organisation operates on a day-to-day basis.	
B	Authenticity The quality of relationships and level of values-based leadership across the organisation.	
C	Devolved decision making The organisation's approach to devolving or centralising decision making.	
D	Collaborative achievement How much teamwork and collaboration are normal ways of working across the organisation.	
E	Agility How much the organisation creates a climate that avoids punishment and encourages people to experiment and learn from experience.	
Total	The overall score describes the level of connectedness typical within your organisation.	

Interpretation

Scores of 20–40 indicate a low level of connectedness. This is typically either a more command-and-control environment or a bureaucracy.

Scores between 41 and 60 show limited levels of connectedness.

Scores between 61 and 80 indicate a high level of connectedness, with significant levels of empowerment and learning across the organisation, coupled with a strong sense of collective strategic focus.

Scores over 80 suggest a highly connected organisation committed to distributing leadership in a coherent way and encouraging high levels of innovation based on shared values and a customer-centric mindset.

A fuller personal Connected Leadership Profile will be available from early 2016 via cl@cirrus-connect.com.

Questions to ask yourself

- What does the connected company questionnaire suggest to you as the areas in which your organisation is currently most connected?
- What does it suggest are the areas in which you have most progress to make?
- Does that make sense to you? If so, how will this insight help you to get best value from reading the rest of this book?

Connected leader's checklist

1. Build the foundations with the freedom framework of a powerful purpose, a clear direction and engaging values.
2. Change how your business operates by devolving decisions, building collaboration and developing agility through learning and innovation.
3. Define a leadership brand that puts the connected leadership framework into your own context as the blueprint for leaders at all levels in your business going forward.
4. Start with a diagnosis of where you are to help you plan for change.

Notes

- 1 Ignatius, A. (2014) 'The best-performing CEOs in the world', *Harvard Business Review*, November, 47–56.
- 2 Ipsos MORI (2015) Ipsos MORI's Captains of Industry Survey 2014, www.ipsos-mori.com/researchpublications/researcharchive/3523/Captains-of-Industry-support-Britain-being-in-the-EU.aspx (accessed 15 June 2015).
- 3 Schein, E. (2010) *Organizational Culture and Leadership*, San Francisco, CA: Jossey-Bass.

- 4 Towers Watson (2008) 'Global Workforce Study 2007–2008: Closing the engagement gap: a road map for driving superior business performance', London: Towers Watson.
- 5 Ibid.
- 6 Ulrich, D. and Smallwood, N. (2007) 'Building a leadership brand', *Harvard Business Review*, July–August, 79–92.
- 7 Ibid.
- 8 Ipsos MORI, op. cit.
- 9 Gully, S. M., Incalcaterra, K. A., Joshi, A. and Beaubien, J. M. (2002) 'A meta-analysis of group-efficacy, potency, and performance: interdependence and level of analysis as moderators of observed relationships', *Journal of Applied Psychology*, 87: 819–832.

Purpose and direction

In this chapter we begin the analysis of the five factors of connected leadership in more detail. The first factor is purpose and direction. When people in an organisation have a common understanding of why they exist as an entity, a clear sense of where they are trying to get to and the strategy to get there, there is a shared mission around which people can unite and flourish.

You will get some practical guidance in establishing a clear purpose and direction as a leader, including involving people through dialogue in the definition of purpose and direction, helping everyone make sense of this through the right organisational cues, storytelling and embedding the purpose and direction into the culture through a variety of techniques. These include cultural symbols, the right processes, sufficient management information, ensuring everyone is clear about their role in interpreting the objectives, ruthless prioritisation and hiring the right people.

A time for renewal

The human resources director at a top law firm in London was faced with a dilemma. The firm could trace its history back for centuries and was a proud member of the prestigious ‘magic circle’ of top law firms. This was a company with a strong ethos and sense of history. Its story was of continuous success and

widespread stature in the City and among government departments. What could possibly prevent the firm from attracting the best and the brightest among law school graduates in the war for talent?

But this was precisely the issue the director was confronting. Staff engagement and hence morale were beginning to show signs of deterioration, which was affecting the firm's ability to appeal to new recruits. The overall problem, and one that went deeper than retention and recruitment, was that the firm seemed to have lost its sense of identity. It was becoming harder for everyone in the firm to identify what they were trying to achieve and why, as the market became more global and brutally competitive.

The firm's leadership group decided it had to go back to basics and redefine the firm's purpose and direction for everyone from the senior partners to new graduate recruits and support staff. They recognised that previous success was not enough to attract and retain future talent. They needed to reinvent themselves, to articulate clearly what they were trying to achieve and why it mattered. They needed to create a shared appreciation among the firm's people and clients of what they existed for, so that they could forge a renewed sense of mission and give deeper meaning to their working lives.

Why direction and purpose?

I use these two words in the same sentence because they are so complementary. They describe where you are going and why it's important, which is the basis for giving work meaning. They can provide an aspirational definition of something motivating or they can be hollow. The business outcome of having strong purpose and direction is that people in the business are more likely to buy into what they are doing together and why it is important, increasing loyalty, discretionary effort and customer service.

For example, some of the bankers with whom I work see their role in the world in terms of lending or protecting money to enable growth and prosperity, giving families and companies the

financial means to fulfil their ambitions. Others, to be honest, see it differently: they see their role and that of the banks for which they work to be simply to make money, to generate maximum profits for shareholders and themselves.

Since the financial crisis of 2008 this dichotomy has been at the heart of the debate, both within and outside banks, on the future of the banking industry. Individual banks have tried to articulate a higher sense of purpose and direction, seeking to engage their colleagues and customers in this ‘mission’, in order to restore trust and long-term independence. Cynics may cite continued misdemeanours as evidence that this is simply window dressing, orchestrated by marketing people to hide the ‘reality’ that the bankers haven’t changed.

I do believe, however, that for some banks and for some leaders this is a genuine attempt to reset the purpose and direction of their institutions and to return to the pioneering work of their founders, who believed in a cause. The jury is still out and it will take time to see who is right. Either way, it demonstrates how important the credibility and aspirational value of an organisation’s purpose and direction really are.

Developing a clear sense of purpose

The need to be clear and explicit about why your business exists, what it contributes to the world and why this is important are all integral to the connected business. The leader’s role is to help to articulate this cause or *raison d’être*, involving everyone in the definition and maintenance of the purpose and acting as a role model to embed it in the culture.

There are any number of reasons why leaders might need to revisit their purpose – for example, the need to find a new direction after a merger or acquisition, making the purpose more explicit in the face of market disruption, or responding to technological upheavals that challenge the fundamental business model of the organisation. An interesting example of the latter is Shop Direct, which is one of the UK’s largest online retailers. Shop Direct was a

large catalogue business, selling to a primarily CDE audience with credit available to spread the payments. With the rise of online retailing the catalogue route to market was in decline, so the company had to reinvent itself fairly quickly.

The turning point in its transformation from ‘paper to pixels’ came when its management redefined its purpose ‘to make good things easily accessible to more people’, which gave everyone in the business a renewed sense of meaning and motivation to make the changes to systems, methods and mindset work in practice. The company turned its finance-driven business model on its head and articulated it as helping people with limited cash to buy its branded jeans and pay over a period of time, ‘making good things affordable to more people’. It became something to be proud of rather than just selling products on credit.

Creating a sense of purpose and meaning attracts talent to an organisation and encourages existing colleagues to give of their best on a day-to-day basis. It provides a reason to come to work, a cause of which they can be proud, and I would argue that it is one of the few sources of sustainable competitive advantage in an era of commoditisation.

Simon Sinek's golden circle

Why is Apple so innovative year after year after year? After all, it is ‘just’ a computer company with access to the same talent, media, agencies and consultants as everyone else. Or how did Martin Luther King become the catalyst of the civil rights movement in the US? According to leadership writer Simon Sinek, his analysis has found that great and inspiring leaders behave in what he calls a golden circle of ‘why?’, ‘how?’ and ‘what?’.

In a TED talk in 2013 he elaborated on his idea, arguing that this explains why some organisations and some leaders are able to inspire whereas others aren’t.¹ As he said: ‘Every single person, every single organisation on the planet knows *what* they do, 100 percent. Some know *how* they do it, whether you call it your differentiated value proposition or your proprietary process or

your USP. But very, very few people or organisations know *why* they do what they do. And by “why” I don’t mean “to make a profit.” That’s a result. It’s always a result. By “why” I mean: What’s your purpose? What’s your cause? What’s your belief? Why does your organisation exist? Why do you get out of bed in the morning? And why should anyone care?’

Establishing the right direction

Just as your purpose gives meaning to work, your direction gives clarity. By direction I mean the vision you are seeking to achieve and the strategy to get there. It is your direction of travel, leading towards your core goals as an organisation. It may develop over time, as circumstances change around you, and as technology creates new markets and ways of working. But it needs to have a long-term perspective, looking beyond the horizon, which means that as leaders we need to be bold and imaginative.

When Bill Gates of Microsoft declared, in 1980, the company’s vision was ‘a computer on every desk and in every home’, for many it seemed like an unrealistic ambition. But now it looks obvious as we have witnessed the proliferation of computers, tablets and smartphones in both the business and domestic markets. Microsoft was bold and visionary, and this drove its people to rethink their way of doing business, which until then had been based on a business-to-business software model. Gates was giving his company, and the world as a whole, a vision of the future that would change our lives in so many ways. Microsoft has since then enjoyed sustained success in both software and hardware markets.

Having a clear direction as a business enables you to empower others to make things happen in line with that direction. Along with your purpose and values it creates a clear framework, which provides people with the information they need to interpret their circumstances and make appropriate decisions in the best interests of the business. As leaders we need to ensure our colleagues have that clarity and that it is given sufficient priority.

When the board of the large UK consumer finance company Provident Personal Credit identified that its traditional paper-based operating model was obsolete, and that to maintain its leadership in its sector it needed to reinvent itself as a digital provider of affordable credit, they redefined the company's strategy and engaged the whole business on a journey of transformation.² Working with colleagues from across the business, they confirmed their purpose as 'we lend a helping hand where some other lenders won't', articulated a plan to move to a purely digital way of working, and launched two online businesses in product areas where customers were under-served.

In 18 months the business moved from being a highly traditional, paper-based home credit business to being a multi-channel, digitally operated credit provider serving more customer needs. In this case there was a need for a new direction, coinciding, as it sometimes does, with the arrival of a new CEO and a refreshed board. The company kept the story simple, relevant and practical as well as rooted in the proud heritage of being established in 1880 by Joshua Waddilove, who set the trust-based tone when he wrote: 'The overwhelming majority of the people of this country are honest and will honour their obligations.' People across the business 'got it' and embraced new app-based systems and more customer-centric working patterns with great enthusiasm. The results were dramatic, turning around what had been a steady decline into a business with resurgent profits, improved customer satisfaction and higher colleague engagement.

The leader's role

These constructs, purpose and direction are relevant at both the team and the business level. So whether you are leading a team, a business unit, a function or the whole organisation, there is value in ensuring that you and your colleagues are crystal clear about your purpose and direction, and committed to their achievement. Where do you begin with the task of defining or refining your team's or organisation's purpose and direction? It helps to break it down into a series of actions, which I have listed below, along with your role as the leader in doing it well.

Clear and simple

‘Developing a clear and simple plan based on what our customers want has been of critical importance in turning around our performance as a business. Getting the wider team involved in defining a clear direction and plan to achieve it, in line with our values, and then executing it with passion and discipline, has helped us generate excellent business results.’

Roger Whiteside, CEO, Greggs plc

In making purpose and direction a competitive strength, I start with involvement, because the work of refreshing or defining your purpose and direction is best done not in isolation but rather as an integrating activity. Next comes helping people across your organisation to make sense of it so they can internalise it and build it into their mental model of what work means. To succeed here is important to tell the story well, which I explore in a practical way. And finally I look at how you can embed it effectively. This is summarised in Figure 4.1.

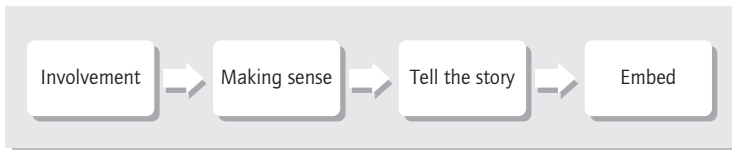


figure 4.1 Making purpose and direction a competitive strength

Each organisation is different, and it may be that you feel this is all well covered in your business. I hope that at the very least this is a useful checklist to work through and to use to reflect on how you might tighten up across your organisation the depth and breadth of commitment to your purpose and direction.

1 Involvement

The first, most important, step is about involvement: involving people through dialogue in the definition of what the purpose and direction are, in whatever format the organisation chooses

to articulate it. This is about having a rich and in-depth dialogue, involving many people, connecting, not simply pronouncing from on high.

In practice this often means setting up a consultation exercise across the business, either online or through face-to-face discussion groups. It is helpful to get input from customers and other key stakeholders such as unions or investors. It is important that it is a genuine consultation. If you don't intend to take on board what you hear and amend your purpose and direction statements as a result, it is better not to start, as it is likely to lead to increased cynicism about the outcomes.

As the leader you and your team have an editorial role that is best exercised with care and a light touch, to balance involvement with getting great outcomes that are inspiring, relevant and distinguishing. Too much 'design by committee' and you will typically end up with a bland and less useful document. Too little input from everyone and it risks looking like a *fait accompli*. It is also helpful to adopt distinctive language and design the outcomes in a highly accessible and eye-catching way, so that they stand out as items of intrinsic worth. I have seen people treat the best physical examples such as books and graphics as collectors' items, worth keeping for posterity. But form can only be as good as function and the content deserves your attention first and foremost.

How you communicate your purpose will depend on your business and its culture, but it is in my view best to be brief. IKEA exists 'to create a better everyday life for the many people'. The interesting phrase 'for the many people' suggests affordability, democracy and equality, which are appealing characteristics for the company that has furnished so many new homes around the world. The IKEA statement also creates an emotional connection which helps it resonate with colleagues and customers alike.

Defining purpose needs to be simple, emotional and compelling. Defining direction needs to be similar but more detailed. Helpful strategic plans typically incorporate a powerful statement of

vision and long-term goals as well as a set of key activities to get there. One without the other is like trying to use satnav without a postal or zip code. Again, to do this in a connected way requires you to consult, listen and synthesise the ideas and insights of many people from inside and outside your company. By involving people in the process you plant the seeds of commitment to the outcome.

In one company with which I work the CEO spent 12 months engaging with leaders and colleagues from across the business to redefine direction and purpose. Through a series of workshops, discussions and roadshow events he enabled the organisation to be clear about why it exists (purpose), what it is trying to achieve (vision) and how it behaves (values, which we will discuss in the next chapter).

The CEO started by telling stories of how other businesses had approached some of the challenges this business faced. He explored with his immediate team where they wanted to go and why it was important. He then developed colleagues in the wider leadership group to enable them to share stories and have discussions with their teams, spreading ideas about the purpose and vision and engaging people in dialogue about what they meant. He was in effect helping people to get their heads around the way forward, what Weick would call ‘sensemaking’ across the organisation, which ‘involves turning circumstances into a situation that is comprehended explicitly in words and that serves as a springboard into action’.³

By working with people across the business to define the intended destination as well as the coherent set of activities that will enable you to get there, you are creating a shared sense of mission clarity, which enables everyone in the business to make decisions ‘on the ground’ that are consistent with that mission. When we combine this with clarity on why it is all important in the first place, we have a helpful framework for empowering people across the business in a coherent way so that they are aware and equipped to make their contribution to your overall success as an organisation.

2 Making sense

We are all making sense of what's going on around us all of the time. We are picking up cues from what we see, hear or feel and interpreting them in the context of our assumptions and experience. If I arrive on my first day at a new job, for example, and see that the parking spaces at the front of the building are reserved for senior managers, I am likely to make sense of that piece of data as follows: the bosses here see themselves as more important than the rest of us and they value their time more than mine; this is likely to be a hierarchical place to work, where I will probably be valued more for conformity and delivering my given objectives than for challenge and innovation; therefore I will need to manage my behaviour to demonstrate respect for more senior people and not rock the boat by asking too many questions. I enter the building with my shoulders slightly lower. It is, perhaps, an obvious example, but I would suggest that we are all making these often subconscious judgements all day every day.

As leaders we need to be conscious of and manage these signals so that they create a coherent set of information that rings true for people, rather than creating dissonance from inconsistent signals and actions. The CEO of the parking space company above may have thought that it was more efficient for him and his team to be able to park close to the entrance to get maximum value for the company from their well-paid time. He may not have considered how others would see it as a statement of relative importance. Or he might have thought that this symbol sent exactly the right message to all colleagues: that he was the boss and that he wanted everyone to focus entirely on executing his strategy effectively. Whatever the intention, the consequence was to make me feel less empowered, less willing to take risks and, frankly, less important than the boss and his team. Whatever inspiring words I heard in my induction about the type of company I had joined, I was likely to balance that against the evidence of the unequal parking arrangements I had witnessed on arrival.

As leaders we can use our human desire to make sense as a helpful way to increase employee engagement and discretionary effort.

Weick describes ‘sensemaking’ as how people make sense of the organisation in which they work as a social process of storytelling, discussion and making sense of complexity together, which is a helpful way to view the social processes involved in the transition to more connected leadership.⁴

So what can we learn from the research into sensemaking in organisations to help us engage our people with our purpose and direction? I have taken some of Weick’s key insights and summarised what they tell us about how to engage others and what we as leaders can do to make it work faster and more effectively – see Figure 4.2.

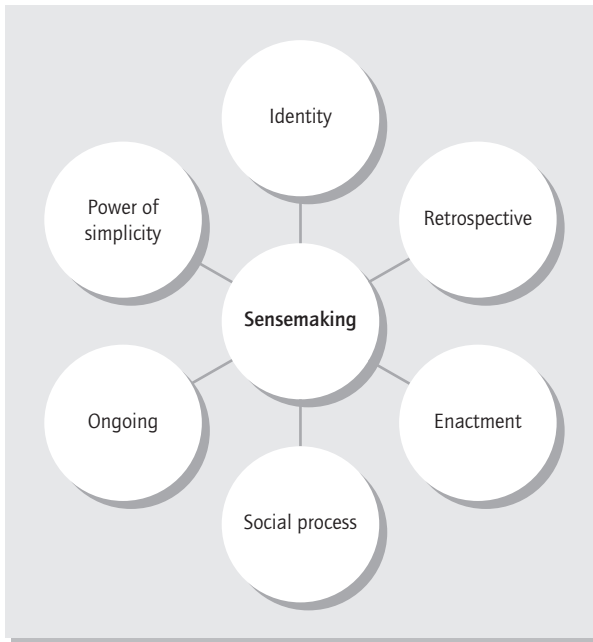


figure 4.2 Sensemaking

Identity

First, sensemaking is grounded in identity construction: that is, for each of us, how we define ourselves as a person. So at work, we are all thinking about how we align with this organisation: how

does it give me meaning and build my self-worth? As leaders we can help people to work this through positively by appealing to both their personal and collective identities. So this means making each person feel valued in their own right as well as enabling them to identify with the organisation's purpose and direction, so that they see it as part of their own value as a person. In other words, you want to help create a compelling shared identity for your people.

In one retailer we created a workshop that line managers ran with their teams in which everyone was encouraged to articulate the part they played in the wider purpose of the business and what it meant to them personally, so that they made explicit the linkage between personal and business identity. This led to a key shift in perception for many as they articulated how they valued their role in achieving their shared purpose more highly as a result.

Retrospective

Second, sensemaking is, at least in part, grounded in what has already happened. People pay attention to things in the past to help make sense of the present, so as leaders it is helpful to recognise the importance of feeling that the past is important. You can do this by demonstrating your respect for the history of your organisation and by identifying how it helps to tell your collective story of your value and role in the world. You may need to over-simplify history to help the process, but as long as you are telling a 'plausible history' it is okay if it helps your people feel comfortable with the present. In one large bank, for example, we drew on the proud history of the founding fathers (and how they had taken personal risks in times of war to protect their customers' money and records) in order to reconnect leaders with their underlying sense of purpose beyond making money.

One way to put the future in context is to create a strategy map, a physical or virtual map showing where you have been, where you are now and where you are going. Such visual tools are then useful as a basis for workshops and team meetings at which people can discuss (and make sense of) the visuals and through this

process place the future purpose and direction as a natural extension of the past. At the large bank mentioned above, we used a strategy map that included the personal stories of courage and customer loyalty from the founders. These were threads that connected the past to the intended future of the bank as a trusted institution serving its customers with bravery and integrity.

Enactment

The third insight about sensemaking is that what we do at least in part creates our future, as we take action to test our assumptions and explore what is happening around us to understand it better (what Weick calls ‘enactment’). As leaders it is therefore helpful if we can create rituals, routines and ways of doing things that ‘institutionalise’ constructs such as our purpose, direction and values, so they become part of our shared ‘reality’. As we get people to do things to create a new ‘reality’ we are helping them to internalise it and integrate it with their view of the world.

In one fast-moving consumer goods business, where the brands had traditionally operated as separate business units, in order to signal a shift to being more collaborative the leaders changed the chairman’s annual recognition awards from focusing on the brand of the year to recognising the innovation of the year. The award started going to cross-brand initiatives such as shared technological innovation or shared market research, thereby celebrating cross-brand innovation in order to emphasise the importance of collaboration.

Social process

The fourth insight from Weick is that sensemaking is a shared and social process. Human thinking and social functioning are intertwined, in that we make sense through interaction with others, reflection and seeing how ‘things fit’. As leaders we know that dialogue is key to engaging with others, and in developing a shared sense of direction and purpose. We should also pay attention to the labels we attach to things as they convey symbolic shared meaning.

We can, for example, use different words for the same event: a forum, a committee meeting, a briefing or a workshop. Each conveys a different meaning to those who attend (and those who don't), suggesting in the examples above a dialogue, a formal exchange, a monologue or a shared activity. People will turn up to the event with different expectations, which will influence how they then participate. Essentially, we need to pay attention to what we say and how we say it. If we can create a simple set of terms and language that everyone understands, we will have helped our people to think in a more collective and coherent way.

The importance of dialogue was demonstrated at one financial institution, established in the 18th century, where as part of a transformation programme every manager was asked to have a weekly 'huddle' to create more teamwork and flexibility in ways of working. For some managers this was really uncomfortable, especially those who had worked at the company for many years and were used to a more traditional, hierarchical approach to management. But gradually the huddles became an established ritual and started to have an effect, causing more dialogue, leading to more sharing of information between team members to help each other be effective, and helping to loosen up the culture and increase collaboration across the teams.

Ongoing

The fifth insight from sensemaking that is useful to us as leaders is that it is an ongoing process. People are always in the middle of things, 'in flow' as Weick calls it, and interruptions to this flow can cause an emotional response from people. We can use specific events therefore to draw people's attention at particular times, to punctuate the flow so we can focus on specific points, such as our purpose, and to help people to crystallise meaning together. Town hall meetings have been used for many years for this reason, drawing everyone together to make announcements and focus on particular topics such as strategy and performance. But we also need to take care that our ongoing routines are aligned to our shared

purpose and direction, as it easy for them to become redundant rituals that at worst perpetuate old thinking.

Power of simplicity

The final insight from sensemaking is how powerful simplicity can be. People need plausibility rather than accuracy in order to believe in a cause. In our everyday lives we need to filter noise to see clear, understandable signals. So as leaders it is helpful to recognise that simplification enables action. Above all, a strong, simple story energises action. If we can provide plausible reasoning to fit the facts, we can energise others to act with greater understanding and commitment, and this is typically more important than logical certainty. A story that puts the facts as we know them into perspective with a plausible level of certainty is more likely to inspire people than a detailed business case. I will look at how to create a great story next. Lego's purpose is to 'inspire and develop the builders of tomorrow', which encapsulates its role in both play and education and is part of why the Danish company has enjoyed such success from simple plastic blocks.

3 Tell the story

What we have been looking at in this chapter is often described as being part of the organisational narrative, i.e. the story that helps us make sense of what's really important about this business. I remember a senior executive at one client company who was always able to communicate with people at all levels of the organisation and with its customers with ease. I realised that what he was doing in each case was telling a simple story, adapted for the people involved, which illustrated two or three key points in a natural flow that made whatever he was describing seem much simpler and easier to understand than before. He always started with why something was interesting or significant. Each story had a spine that gave it structure, and it placed the current situation in its context by using relevant examples so we could relate to and therefore see how the future made sense.

For some people like the executive above, this comes naturally. But for the rest of us, how can we learn to tell great stories simply and regularly? I like the technique created by playwright Kenn Adams and popularised in 2012 when Pixar story artist Emma Coats tweeted 22 storytelling tips using the hashtag #storybasics. The list circulated on the internet for months, gaining the popular title ‘Pixar’s 22 Rules of Storytelling’.⁵ Rule number four on the list is known as ‘the Story Spine’, shown in Figure 4.3.

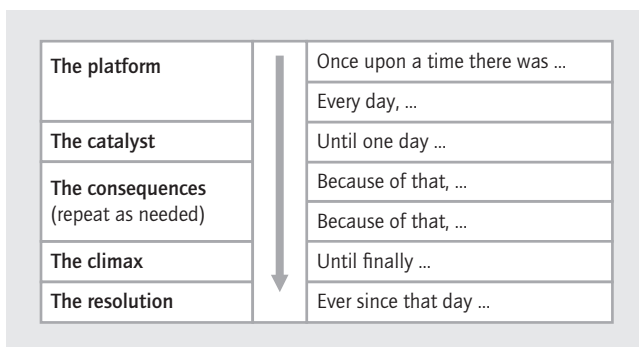


figure 4.3 The Story Spine

The Story Spine is useful to help us tell well-structured stories. Stories are a powerful way for others to appreciate and learn from an experience without having personally been there. They help us to attach sense and meaning to the information that we receive, to make connections with our past experiences and to retain learning for future experiences.

Adams was looking for a way to distil the structure of a well-made story so that people could understand it. When you are creating a story to help explain a concept or idea, or recount an experience, you can use the Story Spine to ensure it has a memorable structure. It provides a model for a well-constructed narrative, with a beginning that establishes a routine, an event that breaks the routine, a middle that shows the consequences of having broken the routine, a climax that sets in motion the resolution to the story, and the resolution itself.

Try it. It works. Here is a simple example, entitled ‘John’s wife’.

John's wife

A few years ago I had a boss called John who worked incredibly hard. Every day John was on his email from six in the morning until ten at night, and he liked to be in the office before everyone else and to be the one to turn out the lights on his way home. He set really high standards for himself, and all of us in his team felt under great pressure to live up to those standards.

Until one day, when John's wife, Mary, was involved in a car accident and was rushed into hospital. She was in intensive care for three weeks and then at home for six months unable to drive or look after their kids. Their two children were both at primary school and needed dropping off and picking up each day. John and Mary did not live close to their parents. Because of all this, John was forced to juggle his time between work and looking after his wife and kids. After a while this caused John's work to get behind schedule and the quality suffered.

We tried to help, but he insisted on trying to carry on. He finally missed a key deadline for a report he was due to present to the CEO. He thought he was going to get fired, but instead the CEO, to her credit, took him out for lunch and asked him to take a sabbatical until his wife recovered. Relieved but a little embarrassed, John took the time off. He devoted himself to his family, but he also had time to reflect on his priorities.

When he came back to work the CEO asked him how he wanted to work going forward. Ever since that day John has dropped his kids at school every morning, and he works with the rest of us in a more understanding and collaborative way. We still get the work done, but we do it together.

The storytelling executive I mentioned at the beginning of this chapter was also good at making his stories stick. He did this through repetition, 'playing the broken record' by telling and retelling his stories until we all had taken them to heart. He would often vary the example or change the emphasis a little, but the underlying narrative was consistent. He knew his persistence paid dividends when he heard other people telling the same stories or

using the same phrases. His stories became part of the language of the company and spawned new versions from other people in their own words, as the ripples of engagement were felt across the business. The stories were helping others to make sense of the purpose and direction, to believe it and to make it their own.

Other tips from Pixar's 22 rules

- Come up with your ending before you figure out your middle. Endings are hard – get yours working up front.
- What's the essence of your story or the most economical telling of it? If you know that, you can build it out from there.
- What is your character good at, comfortable with? Throw the polar opposite at them. Challenge them. How do they deal with it?
- When you're stuck, make a list of what *wouldn't* happen next. Lots of times the material to get you unstuck will show up.
- Pull apart the stories you like. What you like in them is a part of you; you've got to recognise it before you can use it.
- Putting it on paper lets you start fixing it. If it stays in your head, a perfect idea, you'll never share it with anyone.
- If you were your character, in this situation, how would you feel? Honesty lends credibility to unbelievable situations.
- What are the stakes? Give us reason to root for the character. What happens if they don't succeed? Stack the odds against them.
- Coincidences to get characters into trouble are great; coincidences to get them out of it are cheating.

4 Embed

Finally, it is important to embed the purpose and direction in how the people in the organisation think and act if the result is to be a coherent organism capable of self-regulation. Moving away from the old command-and-control paradigm to a more connected approach implies creating the organisational capacity to

maintain travel towards long-term goals without constant control and intervention from senior managers. There are many ways this can be achieved and I will discuss those that in my experience are most helpful in embedding a shared sense of purpose and direction, or ‘true north’, across the whole enterprise.

Cultural symbols

In each organisation there are what Schein refers to as artefacts or symbols of the underlying culture.⁶ These include physical items such as the working environment, branding and other creative expressions of the organisation, dress codes, induction rituals, how the telephone is answered, the intranet, office layouts and so on. If these symbols are consistent with your purpose and direction, they are reinforcing the messages and are helpful. If, for example, your purpose relates to helping the world communicate and there are symbols that enable open dialogue, such as easy access to senior executives, informal social space, open chat rooms and online team collaboration support, these are reinforcing your purpose. If, however, the symbols are opposite, then the purpose statement in the annual report will sound hollow and disingenuous to colleagues. These artefacts show what is really important.

So it is worth walking around your organisation with a fresh pair of eyes. Ask a new joiner to come with you. Or take a friend or partner into work and ask them what they see and what it says to them. With one retail client we asked managers from neighbouring stores to visit competitors’ and each other’s stores and to observe them as if for the first time. We then asked the managers to report back on what they had seen in the various stores, what it suggested to them about what was important to each company, and to do so for their colleague’s store as well. Neighbouring managers gave feedback to and coached each other based on this experience. This led the managers to develop a deeper appreciation of the importance of symbols and what they say – to colleagues and to customers – and how to manage them more consciously to communicate a more congruent set of messages about what their company really cared about.

Processes

Ways of working and the processes and systems that grow up over time to support them can help to structure work to be efficient and effective. They can also become out of date, bureaucratic or incompatible with the strategic priorities that are important going forward. In one international bank, a year or two after the global financial crisis in 2008, I saw tens of thousands of rules and regulations that had developed over time to reduce risk and manage compliance. The myriad rules had become a barrier to customer service and innovation.

As the bank reacted to the global crisis and the associated collapse in customer trust, it gradually recognised that the rulebook had become an excuse for managers acting with limited concern for customers and even less concern for improvement and innovation. The phrase ‘step in front of the rules’ became a rallying cry from leaders as they sought to inculcate a more customer-centric and values-based approach to work. The number of rules was dramatically reduced and managers were asked to think and behave more as ‘customer champions’. But progress was slow, as the underlying conservatism of the institution held back initiative and risk.

Management information

What information an organisation produces for management purposes says a great deal about its priorities, as well as its regulatory requirements. What senior leaders pay attention to sends a clear signal to other people in the organisation about what is really valued. So it is important to ensure that the management information you request is consistent with your purpose and direction. If, for example, the key performance indicators that the board measures are mainly financial, then any declaration of a wider social or organisational purpose will seem to people to be pretty meaningless. I would recommend therefore that you have a balanced set of measures of performance and that these measures reflect the priorities in your purpose, vision and business strategy. The balanced scorecard advocated by Kaplan and Norton

is a helpful way to put together a balanced dashboard of metrics, based on the priorities implied by your purpose and direction.⁷ Making these measures visible is then helpful in demonstrating that the words and the metrics are aligned.

Know your part

In order to translate a great strategy into success on the ground it is clearly important to ensure that everyone knows their part in making it happen in practice. The most obvious way to help make this true in practice is through ensuring that every person has a ‘line of sight’ between their objectives and those of their team and the wider organisation. I have seen both effective and less effective examples of this in organisations. The difference is often down to the simplicity of the communications that enable local objective-setting conversations to genuinely reflect the wider organisational objectives.

One great example was at Shop Direct, the UK online retailer, where there was a section of the intranet called ‘Know your part’, which visually demonstrated how the company’s purpose and strategic objectives translated into functions and from functions to teams. This level of transparency and clarity enabled people across the business to work it out for themselves and therefore to have a more intelligent conversation with their line manager about what objectives to focus on, and why. This linkage, and the ability to update it when strategic objectives were updated, was one driver in the rapid shift from traditional working practices, such as the annual-range planning cycle, to more short-term, digital and fashion-driven buying and retailing in line with its competitors.

Ruthless prioritisation

In many of the larger organisations I visit there is an underlying frustration with the pace of change and, related to this, the number of projects that are concurrent in the system. In those organisations that have been able to accelerate change I see a ruthless degree of prioritisation, where senior leaders focus on the key

projects that will best deliver the changes they seek, and a refusal to countenance adopting more until these projects have been implemented (or moved to the next stage of implementation) successfully. Many organisations have statements of intent about simplification, but in my view only a few make the difficult decisions to allow simplification to happen. Those that do focus on what will make most difference to their customers, what will create a differentiated experience, what will provide unique value to customers now and in the future.

This characteristic of ruthless prioritisation also supports increased agility, so I will return to it in Chapter 9. In terms of purpose and direction, I would suggest that the same level of ruthlessness is required if an organisation is to focus on those projects and activities that most directly deliver the stated priorities. When Dave Lewis took over at the troubled UK retailer Tesco in 2014 he took some bold decisions to refocus the business on its core customer purpose and direction, selling off ancillary businesses such as the blinkbox video service, closing unsuccessful stores and reducing head-office headcount in order to fund the customer value proposition. In a few months he had started to restore shareholder confidence. At the time of writing, there is a long way to go, but it is a good example of ruthless decision making when the company needed to reprioritise and refocus on its core business.

The right people

If you are serious about your purpose and direction you will hire and promote only people who share that sense of what you do and why it's important. Jim Collins wrote of 'getting the right people on the bus' on the journey 'from good to great' back in 2001,⁸ and it is as valid now as it was then if you are determined to build a sustainable great business. This relates also to values discussed in the next chapter: if you encourage and reward people who do not live your organisation's values, you undermine the values and through your actions tell people that results are more important than how they were achieved.

Getting the right people on the bus works at different levels. At very senior levels your visibility means that what you do and how you behave signals what's really important around here. At transitions to middle and senior roles the decisions you make on who to hire or promote indicate to others what you want in the future as well as now. These are the decisions that suggest long-term intentions as the organisation selects the leaders of tomorrow. At more junior levels you are signalling what skills and behaviours you want to promote as a business. At Inditex, the successful Spanish retailer, they recruit team players because they believe in the importance of collaboration to make their highly integrated business model work efficiently. So making sure all these recruitment, selection and promotion decisions are in line with your purpose and direction is a clear way to make them a shared priority.

case study

Connected leadership at Standard Chartered

Standard Chartered is one of the world's leading banking groups with a 150-year history in some of the world's most dynamic markets. It banks the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where around 90 per cent of its income and profits are made. Its brand promise, 'Here for good', underpins its business.

Diversity is important to Standard Chartered. It employs more than 90,000 people, with nearly half being women, and has 133 nationalities and 170 spoken languages represented worldwide. As well as contributing to a rich and varied company culture, this diversity brings a strong competitive advantage, enabling better customer understanding in its diverse markets.

From 2002, Standard Chartered grew its business from about \$1 billion of pre-tax underlying profits with about 27,000 people, to a \$5.3 billion franchise. Its footprint in developing countries and low exposure to Europe and the US meant that the bank was less affected

by the global economic crisis than many of its competitors. 'It did have an impact, of course,' says Anton Zelcer, Standard Chartered's global head of executive and management development. 'We've moved from easy growth to smarter growth.'

The importance of purpose

'I think if you get your core purpose right then the results will follow,' says Anton. 'At Standard Chartered we are clear about our strategy, performance objectives and growth targets. We know exactly where we need to be and what we need to do to get there. We know what's going to drive the share price. But what sits behind all of that and what will help us to execute on all of the things is our purpose and our culture. And what drives our culture is our leadership.'

Increased regulation in the banking industry has presented a challenge to leaders who now need to focus more and more time on issues of risk and compliance. 'In many ways, this means it is more important than ever to focus on purpose and what we stand for,' says Anton. 'Inherently this is a good place. The culture is really strong. It is a bank filled with good people who want to do the right thing, who truly believe in the brand promise of "Here for good".'

Purpose and direction

'A lot of what makes us unique is our rich 150-year history, our international footprint and our culture,' says Anton. 'Our purpose is fundamental. It goes beyond a commercial purpose and it's something people can identify with and connect to. It helps to inform our decisions. It informs our recruitment. We invite people to come in and be a part of that future, to be "here for good" as an individual. To have individuals working with purpose and direction in the context of an organisation that also has a clear purpose and direction is really powerful.'

Shared decision making and collaboration

At Standard Chartered, people across the organisation are empowered to be part of the decision-making process and encouraged to be accountable for creating better outcomes. 'When it comes to

devolved decision making, we have almost 90,000 employees. We have to devolve decision making,' says Anton. 'If you don't share decision-making responsibility, you eliminate trust and you eliminate empowerment. A mistrusting, disempowered organisation operating under very strict and defined boundaries is never going to flourish. Devolved decision making and collaboration are very closely linked. And without both of these things, how can we possibly be agile? If the accountability for decision making is only held by very senior leaders then the impact takes longer to achieve.'

Standard Chartered does of course recognise the importance of a clear decision-making framework. 'We have corporate decision-making processes in place with governance structures and committees and various guidelines. In our industry, we'll be judged in the future on the decisions we make today. And often the standards we are judged by change. So it's really important to make values-based decisions, to know that you're making a decision based on doing the right thing and not just the right set of standards. It all comes back to culture.'

Collaboration

Collaboration is a key organisational capability at Standard Chartered. Leaders are expected to collaborate and to encourage collaboration in others. Standard Chartered also has a popular internal social media platform which encourages virtual collaboration across the globe. 'Tools like this are important,' says Anton. 'But ultimately successful collaboration also comes down to culture.'

Anton also recognises the wider challenges to collaboration in the financial sector: 'As long as the banking industry continues to reward individual outcomes then we're not incentivising collaboration as we need to. The industry needs to think more about that.'

Developing leaders

Standard Chartered invests significantly in leadership development programmes. 'We focus a lot on the individual leadership journey,' says Anton. 'The demands of leadership have changed. The model of connected leadership is very relevant to us. Our leaders need to learn to navigate complexity.'

Authenticity and transparency are highly valued leadership attributes at Standard Chartered. Leaders are encouraged to align their own values with the values of the organisation. 'I believe in being the best version of yourself,' says Anton. 'Authentic leadership speaks to that.'

Leadership development is focused on developing values-based behaviours as well as skills and capability. 'Our organisation has a really unique position and opportunity to build on our purpose and mission,' says Anton. 'And part of my role is to help individuals at Standard Chartered to crystallise their own personal purpose in line with that, which is very exciting.'

The benefits of being connected

'The quality of relationships internally and the relationships we build with clients and customers is a core part of who we are,' says Anton. 'We care about our people internally, and we care for our clients. Many clients tell us they stay with us because of our brand and our culture.'

Questions to ask yourself

Finally, here are some questions that you might find helpful to ponder a while before moving on to the next chapter. You may find it helpful to make a few notes as you think so you can refer back to them later in the book as you consider where to focus your efforts in becoming a more connected leader.

- What is our purpose as an organisation?
- Do I embody this purpose in the way I prioritise my time and attention?
- Are our vision and strategy clear and relevant to all of my colleagues?
- How could I actively encourage my team to focus more on the few things that are most likely to get us there?
- Which of the four stages above (involvement, making sense, tell the story and embed) would I improve if I could? What will I do about it?

Connected leader's checklist

1. Defining your purpose and direction needs to be an inclusive process, and it is only the start.
2. Getting everyone bought into it is a longer job that needs care and persistence.
3. Placing the customer at the heart of your purpose and direction sets a clear focus for your business.
4. The companies that have a powerful shared sense of purpose and direction feel as though they are on a mission.

Notes

- 1 Sinek, S. (2013) 'Start with Why', TED talk video, **www.youtube.com/watch?v=sioZd3AxmnE** (accessed 16 June 2015).
- 2 **www.providentfinancial.com/about-us/history/** (accessed 23 August 2015).
- 3 Weick, K. (1995) *Sensemaking in Organisations*, London: Sage, p. 409.
- 4 Weick, K. (1979) *The Social Psychology of Organising*, 2nd edition, New York: McGraw-Hill.
- 5 Coats, E. (n.d.) 'Pixar's 22 rules to phenomenal storytelling', **www.slideshare.net/llamallama/storytips?qid=3f4237a7-cbf9-43d4-b642-78340a54cdf6&v=default&b=&from_search=31** (accessed August 2015).
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- 8 Collins, J. (2001) *From Good to Great*, 1st edition, London: Random House Business.

Values in action

This chapter is about authenticity, the second factor in connected leadership. It looks at the importance of creating a more authentic, values-led culture across your organisation in order to provide clarity to everyone about how you choose to behave and how this creates a unique customer experience. It also looks at how this translates at the personal level into what is really important to you as a leader and how that influences organisational performance as a whole.

I look at just what authentic leadership actually is and offer you a number of tools and techniques to help you assess your own values, including gauging your moral compass, increasing your self-awareness, deciding on your strengths and weaknesses in terms of emotional capital capabilities and increasing mindfulness practice.

There are insights that will help you to create a more values-led culture and consider your role as a significant role model in making this happen. I conclude by helping you discover just how ethical your leadership really is.

Redefining and aligning the core values

Shanthi had mixed feelings as she left the board meeting. She was the CEO of a large IT services firm in Mumbai and the financial results were good. The company had grown through acquisition

over the last ten years at a phenomenal rate. It had exploited advances in new technology after every acquisition and was now one of the largest providers of IT services in the Asian markets.

But expansion had come at a price. Customer complaints were increasing and staff turnover was at a level that some board members felt was unsustainable. Shanthi worried that there was no real sense of what service meant any more at the company. In the early years it had been much easier. With a small central base, everyone knew each other (or at least knew someone who knew everyone else), but now the company resembled a house that had been extended several times in different architectural styles: there was little sense of a shared culture or consistent ways of doing things. Clients were starting to complain about the inconsistent levels of service, especially those that operated across several countries.

Shanthi was a person who cared deeply about service quality and client care. She knew what the business meant for the clients, and how much they relied on the business for their own operational effectiveness, but sometimes new colleagues who arrived because of an acquisition were not in tune with her ethos. Clients were beginning to indicate that they could no longer predict the level of service they were going to receive across locations and were turning to competitors whose service levels matched expectations. Another worry for Shanthi was that there were some ‘wild card’ employees at the company: people who were great at their jobs when dealing with clients but could get too involved in office politics and gossip and caused dissension among colleagues.

Shanthi believed that the best way to address the mixed customer experience and employee turnover issues was to redefine what the company stood for, its standards of behaviour and service, and to engage everyone on a journey to rediscover what made their business special. To do this she believed she had to make sure that her values and those of everyone in the business were fully aligned so that there was a clear and agreed code of conduct to which they were all committed.

What's important around here?

The next factor in connected leadership, authenticity, is about *how* the business operates, about the culture and the values that actually drive behaviour in work. At a personal level it is about how you behave, based on your own values, and your personal authenticity as a leader. I am not talking necessarily about the values statement in your office or on your corporate website, I am talking about what is happening in reality. The actual values that are shared by you and your colleagues help to create the culture (how things work around here) and underpin the norms or assumptions¹ on which the culture is based.

This is often a strong reflection of the character of the senior leaders and the principles on which they make decisions. If, for example, you and your colleagues make decisions and behave in ways that indicate that you prize integrity, then the culture is likely to reflect this assumption in the way people work with each other and with customers by people delivering on what they say they will do. It is essential to ensure that what you say you believe is important about mindset and behaviour is consistent with how you actually behave in practice. If you say you prize integrity (and possibly have it emblazoned on your corporate website and board room walls), but demonstrate that you prize success above all things, people are more likely to do whatever it takes to succeed rather than worrying about integrity. Longer term, the incongruence between what you say and what you do is likely to cause cynicism and reduced engagement among your people. This can lead to lower energy levels and commitment to performance. So it is important to be clear on what you value and to have a high level of congruence between stated and actual values in action if you are to have credibility and a motivated group of colleagues.

As we can see in Shanthi's case, this is not always so easy to achieve in practice, and this problem can be exacerbated when companies have grown through mergers or acquisitions. In Shanthi's business the underlying assumptions of each acquired business were not reviewed and there was no explicit process for reframing what was

important to the whole company as each acquisition was brought on board. The end result was a company that resembled a patchwork quilt of different cultures, each allowed to continue with its own version of what was important, and the consequent impact of an inconsistent customer experience.

So if we want a great culture that leads to great employee and customer experiences we need to manage it with care. The culture is a result of the assumptions we all make every day about how things work around here. If, for example, I am a lawyer in a law firm where I believe that my personal values are something for me to keep to myself and that the priorities at work are always to maximise fees and to win cases for clients whatever it takes, I will leave my values at the front door and pick them up again, metaphorically, on my way home. The resulting culture, if my assumptions are shared across the firm, is likely to be one where billing is an obsessive competition between fee earners, where non-fee earners are treated as second-class citizens and where we will bend (or at least interpret broadly) the law if necessary to win every case.

Such a culture may well breed success, but at what price? Ultimately, this sort of cultural bias is likely to come back and haunt a company, as we have seen in cases across industries such as corruption in engineering, mis-selling in financial services, misreporting of outcomes in services provision to government and safety disasters in energy. The consequences can literally run into billions of pounds in damages and stock market value write-downs. I would suggest that corporate amorality, which often involves senior leaders turning a blind eye to cultural issues, is a costly business.

At the heart of the culture challenge is trust – trust between colleagues, between senior executives and colleagues, between customers and companies, between society and companies. When trust breaks down, as we have seen in some of the industries cited above, the fundamentals of business are broken. Trade and commercial enterprise operates well when there is a reasonable level of trust between parties, and when this is absent one's ability to grow and prosper is ultimately held back.

The GlobeScan survey mentioned in Chapter 1 illustrates the scale of the problem when it comes to trust in business leaders today. Survey after survey underlines the overall decline in trust of those in power. Another study cited in *Psychology Today* found that there was a widespread perception that senior business leaders are dishonest, with almost 40 per cent of those surveyed saying that their supervisors failed to keep promises and just over a third saying that their supervisors blamed others to cover up mistakes or minimise embarrassment.² This is little short of a crisis, which as leaders we need to address. In order to restore healthy levels of trust we need to focus more on *how* we lead and how trustworthy we are. As the role models for others we need to provide an authentic example in which they believe and have confidence.

Authentic leadership

So, how can we create a more authentic, values-led culture in our organisations? How can we create commercial success based on principle as well as pragmatism? If we draw on the wealth of research into authentic leadership that has been conducted over the past 15 years, we find that there are four aspects of authenticity that stand out: ‘self-awareness, a strong moral compass [based on clear values], balanced processing of information and open [trusting] relationships.’³

Much of the focus on leadership development over the last two decades has been on developing inspirational or transformational leaders. Authentic leadership represents a more inclusive and less individualistic style of leadership than transformational leadership: more in keeping with the shared process of connected leadership we will explore in subsequent chapters. The danger of placing so much emphasis on the inspirational leader is that it encourages a sense that all leaders should be heroic figures who ‘save the day’, as it were.

Organisations that rely on heroes can find succession challenging, and in my experience focus too much collective attention on

the wishes of the hero rather than on building sustainable organisational capability. This is in line with the research which shows that building leadership as an organisational capability (rather than focusing on individuals) is a powerful source of differentiation and long-term performance, cited in Chapter 3.⁴

The impact of individuals should not be underestimated, however, as we see those throughout history who have had a significant influence on events, such as Winston Churchill and Nelson Mandela. But they are exceptions, and we could see them as being a product of their time. They were the leaders who crystallised or perhaps were even the product of a more widespread collective will, such as the British belief in freedom and resistance to Nazi oppression in the Second World War and the will of the South African black community to achieve self-determination and to overcome the oppression of the white government during apartheid.

In the networked, more democratic society in which many of us live now, overall leadership capability, which becomes an asset of your business, is more important to develop than individual leaders. When people act in concert (acts of shared leadership) they can achieve great things, such as the American civil rights movement in the latter part of the 20th century and the Polish ending of Soviet rule precipitated by the 10-million-strong Solidarity union when it started a revolution from the Gdansk shipyard in the early 1980s. Clearly, in both situations, there were individuals who helped catalyse the movement, with Martin Luther King and Lech Walesa respectively playing key roles. But the real momentum for change came from a wider base of concerted action by many individuals acting in a connected way.

All these historical examples also demonstrate the power of values in generating the will to challenge the status quo, and make changes happen in spite of overwhelming odds, in the name of freedom. The people involved were motivated, I would suggest, by a powerful cocktail of purpose, vision and values. They had a cause, a view of what needed to change, and they believed in shared principles of what was right (and wrong).

If, as leaders, we can be catalysts to a similar power surge, it is exciting to think what we might achieve. But we need to have three things on our side before this will happen:

- 1 A clear purpose, a cause in which we all believe and a reason to accept personal risk.
- 2 A vision of a better way, a sense of where we want to get to and, ideally, a credible strategy to get there.
- 3 Agreement on what is right, and therefore what is wrong, and a shared moral code which inspires a desire to fight for these values when challenged.

We covered the first two in Chapter 3 and now we are exploring how to achieve the third. In each example above from 20th-century history we see a clear values-driven motive for change, a sense of injustice and a violation of human values.

A word of caution: if we approach this with a Machiavellian desire to manipulate the situation to achieve power and people's commitment under false pretences, we will be found out and not trusted. In my experience, people have a good sense of when they are being manipulated and they don't like it. We therefore need to be working from a position of personal integrity if we are to build trust and commitment in others. We need to be authentic.

The leader's role: starting with self

It is difficult to change how an organisation behaves and operates without first making sure you are able to be the role model for that change. Gandhi's quotations are well known on this subject: 'You must be the change you want to see in the world.' And: 'As human beings, our greatness lies not so much in being able to remake the world – that is the myth of the atomic age – as in being able to remake ourselves.'⁵ Bringing it back to the here and now, if, for example, you want more agility but you slow down every decision by seeking more information or insisting on multiple levels of authorisation, you will demonstrate a lack of authenticity, in that you are asking for others to do something different that you are not willing or able to do yourself.

So, going back to the four attributes of authentic leadership mentioned earlier, it is helpful to reflect on where you are currently against each attribute – these attributes are summarised in Table 5.1.

table 5.1 Attributes of authentic leadership

Attributes	Description
Strong moral compass	Having a clear sense of what is right and wrong and the will to act accordingly.
Self-awareness	Understanding yourself in terms of what drives your behaviour and what effect you have on yourself and others.
Balanced processing of information	Being able to make sense of information without bias and to accommodate the views of others in order to arrive at a balanced interpretation of data and events.
Open and transparent relationships	Sharing information freely with others and being open to learning in a straightforward way.

Being a leader who demonstrates these attributes can create a series of benefits for your organisation. Research shows that it encourages a positive culture in which people are motivated to give of their best, increasing levels of employee wellbeing, which encourages engagement and people feeling more competent, which, in turn, leads to improved productivity and people choosing to take increased responsibility.⁶

But first you need to ensure you are personally strong on all four attributes. You can review the first two attributes in this chapter and the second two in Chapter 6.

1 What is my moral compass?

How do you know what your personal values are? What's really important is that you are clear in your own mind what are the principles and preferences you hold dear and which you are not willing to compromise, or if you do it will challenge your sense of integrity. Your values are likely to be a result of life factors such as your personality, your beliefs, your early life experience and

experiences along the way, as well as physiological factors such as your drive for survival or pleasure. Your values influence the choices you make and your opinions on what is good, right or of value. Here is a simple way to define (or refine if you already have a list) your values.

Stage One: Consider what is really important to you

Please consider the four questions in Table 5.2 in both your personal and work lives and write down your answers to each one. Please be as forthright with yourself as you can be.

table 5.2 What is important to you?

Question	In your personal life	In your work life
1 Think about the decisions in your life of which you are the most proud. Why do you feel so proud?		
2 Think about decisions you regret. Again, why do you regret them?		
3 Think of the situation when you have been at your happiest. Why did that make you happy?		
4 Think of the situation when you have been most frustrated. Why did that make you frustrated?		

You might find some of the words in Figure 5.1 helpful if you are getting stuck. (Some of these overlap, and that is fine as different nuances may appeal to you in different ways.)

Stage Two: Create a short list

Now list the five or ten key principles or values that are suggested by your responses to Stage One. Choose words or short phrases that make sense to you. Read through the list to see whether you think anything is missing and if it is, add it to the list. If one or two are saying the same thing to you, combine them into one.

Achievement	Integrity	Merit
Family	Competition	Self-respect
Helping others	Knowledge	Advancement and promotion
Honesty	Loyalty	Responsibility and accountability
Friendships	Security	Reputation
Power and authority	Status	Intellectual status
Problem solving	Meaningful work	Influence
Inner harmony	Financial gain	Growth and learning
Independence	Stability	Quality
Recognition and respect	Efficiency	Compassion
Creativity	Excellence	Privacy
Leadership	Money	Freedom
Personal development	Wisdom	Resilience
Independence	Working with others	

figure 5.1 Some possible values

Stage Three: Prioritise

Put each value on a separate card or piece of paper and start putting them in order. Put the one or two that are most important to you at the top and the ones you are less passionate about at the bottom. Place the others in between. Keep sorting them until you have them in the right order for you. If you get stuck, select two and consider which is more important to you. It can be helpful to consider a challenging decision you might need to make (such as whether to move job) and ask yourself which value would be most critical in making the decision. Put that one above the other in your list. When you are comfortable that a) you have the list in the right order and b) you have removed any duplicates, choose the top three.

Stage Four: Articulate

The final stage is a good test of whether or not you have identified your true values. Take the top three and write them into a sentence beginning: 'In my life the most important values for me to live by are . . . ' Does this sentence ring true? If not, edit it until it does. If the fourth value is still really important and helps make the sentence true for you, add it back in.

Then tell at least two other people in order to find out if you are comfortable with the sentence. Choose a work colleague and a personal friend or family member, so that you can test your values in both work and non-work contexts. Again, if they don't feel right, edit them until they do.

Now you have a definition of your moral compass: the values that you are driven by and which you will not compromise. They summarise the principles that are really important to you in your life. By the way, if you have done this exercise but feel that you would be willing to compromise the values you ended up with, please have a good look at yourself in the mirror and ask yourself whether you are really being true to yourself. In my experience, if you are willing to compromise your values you may be a pragmatic person who believes that the end justifies the means. But until you define the principles by which you live your life I suspect you will not be someone who inspires a high degree of trust and loyalty among other people. Being pragmatic when it comes to values makes it difficult to be authentic.

There are several ways you can now choose to use your moral compass, which might be helpful as you become a more connected leader. For example, you could compare your personal values with those of the organisation for which you work (in practice rather than necessarily what is in the corporate values statement). Are your values and the organisation's cultural values congruent or can you see significant differences that concern you? If the latter, how can you reconcile this?

You could repeat this activity with your team and open up a discussion about how to align your values as people and with the organisation, so that you can appreciate what preferences others have and seek to accommodate these in the way you work together. (We will discuss this further in Chapter 8 when we look at collaborative achievement.)

You may also find it helpful to discuss your values with your partner or closest friend to explore how they see how your values affect them and whether this is in a positive or negative way. It can be both. For example, if you value independence highly

this may make you a stimulating person to live with and at the same time make you frustrating in your lack of sharing. Through the discussion you might find that the increased understanding between you is helpful and enables you to explore ways to reduce the negative effects of your values on the other person. The conversation would be richer if you were both sharing your personal values and exploring how you complement each other or how you might need to accommodate the other person's preferences more carefully.

2 How self-aware am I?

Having a clear moral compass, or set of personal values, is an important part of being self-aware. If you know what drives your choices you will be more able to manage your decision making and interaction with others to achieve optimal outcomes. Another part of self-awareness is about understanding the impact you have on other people.

I am a big believer in the idea that we all choose our mood. When a leader walks in through the door or picks up the telephone or sits down at a meeting, they are sending cues to everybody else about what they think is important. As a leader you need to think of yourself as being in a goldfish bowl where you are observed and your behaviour is constantly interpreted. Obviously the more senior you are, the wider this applies, but the team leader in the call centre or the manager in a distribution unit also represents the organisation's actual values and leadership ethos and demonstrates what everyone else will interpret as what's important around here.

Being an effective and authentic leader requires a good degree of self-awareness, which is part of what we now call emotional intelligence. The concept of emotional intelligence has gained much prominence over the last few years. Emotional intelligence is the ability to be aware of one's own and other people's emotions as a guide to how to manage your thinking and behaviour in order to improve relationships with others and outcomes.

Those with higher emotional intelligence typically have better mental health, are more effective at their jobs and are better able to lead others.⁷ Once you have gained an understanding of yourself and why you act as you do, emotional intelligence is about the self-awareness to manage your reactions rather than have your reactions manage you. It is the key to being able to behave effectively even in pressurised situations where you find yourself tempted to ignore your best intentions.

A useful framework for looking at emotional intelligence for leaders is the Emotional Capital model (see Emotional capital capabilities, below) developed by RocheMartin, a publisher of emotional intelligence profiles.⁸ It looks specifically at the capabilities leaders need to demonstrate high levels of emotional intelligence in their roles, based on a meta-analysis of research in this area.

Emotional capital capabilities

- 1 **Self-knowing:** the capacity to recognize how your feelings and emotions impact on your personal opinions, attitudes and judgements.
- 2 **Self-confidence:** the ability to respect and like yourself and be confident in your skills and abilities.
- 3 **Self-reliance:** the emotional power to take responsibility for yourself, back your own judgements and be self-reliant in developing and making significant decisions.
- 4 **Straightforwardness:** the ability to express your feelings and points of view openly in a straightforward way, while respecting the fact that others may hold a different opinion or expectation. Being comfortable to challenge the views of others and to give clear messages.
- 5 **Self-actualisation:** the ability to manage your reserves of emotional energy and maintain an effective level of work/life balance. Thrive in setting challenging personal and professional goals and your enthusiasm is likely to be contagious.

- 6 **Relationship skills:** the knack for establishing and maintaining collaborative and rewarding relationships characterized by positive expectations.
- 7 **Empathy:** the ability to grasp the emotional dimension of a business situation and create resonant connections with others.
- 8 **Adaptability:** the ability to adapt your thinking, feelings and actions in response to changing circumstances. Being tolerant of others and receptive to new ideas and considering different points of view.
- 9 **Self-control:** the ability to manage your emotions well and restrain your actions until you have time to think rationally. Being able to stay calm in stressful situations and maintain productivity without losing control.
- 10 **Optimism:** the ability to sense opportunities even in the face of adversity. Being resilient, seeing the big picture and where you are going and being able to focus on the possibilities of what can be achieved.

Newman⁷

This range of capabilities is a challenging mix and typically I find that leaders are stronger on some than others. There are at least three lessons you can take from this.

- 1 The first is to play to your strengths, so that you build from where you are already competent. But it is important to be aware that overdone strengths can derail performance, such as when self-confidence becomes arrogance and an unwillingness to listen to dissenting views.
- 2 The second is to become more effective in areas of weakness as these may be blind spots in your behavioural repertoire and hold you back. If, for example, you tend to be low on empathy, you may appear aloof and forget to recognise that other people's emotions are important.
- 3 The third is to build a team with a blend of capabilities and to value the differences so you can be complementary to

each other. Having colleagues in your team who are high on empathy, in the case above, will keep you as a team tuned into how others are feeling and therefore how best to engage and motivate them.

This was the case with one executive team I was working with where the CEO was high on self-confidence and self-reliance but low on empathy and relationship skills. She was a real driver of performance and led from the front. She was not, however, so good at taking everyone with her. Fortunately, in her team there were two colleagues who were strong on empathy and these were often the people I would ask to describe for their colleagues what impact the decisions the team took might have on other people in the business.

Once the CEO realised how this question was helping rather than hindering progress, she was more receptive to it being discussed by the whole team. The empathetic colleagues felt more valued and that their views were more valid, the team's performance improved and their impact in the business was more effective as they engaged the wider business on a major transformation programme. And the CEO became more self-aware through this process and took this insight with her into her other dealings with colleagues, checking in with others about how they felt about things in a way that added greatly to her credibility and influence.

Understanding our emotional capital can therefore enable us to manage others in a more authentic and effective way that is typically more in line with the organisational values. Emotional intelligence underpins the leader's role in creating a values-based organisation because the leader's behaviour is an important manifestation of what those values are in practice.

3 Mindfulness

Mindfulness is the practice of being more present in the world which psychologists have derived from the Buddhist religion to help people be more aware of their emotions. Mindfulness aims to help leaders build their resilience and deal more successfully with stresses in their working lives.

Mindfulness is very fashionable at the moment, with any number of apps, web courses and books to help you learn to concentrate on the 'now' for better mental health and thus help, it is claimed, psychological flexibility, awareness, resilience, better decision making, performance and learning. It is related to situational awareness, discussed in the next chapter.

A number of prominent companies now offer mindfulness programmes for employees, including Apple, Procter & Gamble and McKinsey, where it is felt that people can become more productive by stepping aside from the busyness of their working day and taking a few moments to clear their minds.

Here are a few really thought-provoking tips from Leo Babauta which you can use to help you deal with everyday stresses and to be more authentic in your interactions with yourself and others.⁹

- 1 **Do one thing at a time.** Single-task, don't multi-task. When you're pouring water, just pour water. When you're eating, just eat. When you're bathing, just bathe. Don't try to knock off a few tasks while eating or bathing or driving. A Zen proverb says: 'When walking, walk. When eating, eat.'
- 2 **Do it slowly and deliberately.** You can do one task at a time, but also rush that task. Instead, take your time and move slowly. Make your actions deliberate, not rushed and random. It takes practice, but it helps you focus on the task and do it well.
- 3 **Do less.** If you do less, you can do those things more slowly, more completely and with more concentration. If you fill your day with tasks, you will be rushing from one thing to the next without stopping to think about what you do. It's a matter of figuring out what's important and letting go of what's not.
- 4 **Put space between things.** This is related to the 'Do less' rule, but it's a way of managing your schedule so that you always have time to complete each task. Don't schedule things close together. Instead, leave room between things on your schedule. That gives you space in your schedule in case one task takes longer than you planned and for important but unplanned discussion.

- 5 **Spend at least five minutes each day doing nothing.** Just sit in silence. Become aware of your thoughts. Focus on your breathing. Notice the world around you. Become comfortable with the silence and stillness. It will do you a world of good.
- 6 **Stop worrying about the future.** Focus on the present. Become more aware of your thinking. Are you constantly worrying about the future? Learn to recognise when you're doing this and then practise bringing yourself back to the present. Just focus on what you're doing, right now. Enjoy the present moment.
- 7 **When you're talking to someone, be present.** How many of us have spent time with someone but have been thinking about what we need to do in the future? Or thinking about what we want to say next, instead of really listening to that person? Focus on being present, on really listening, on really enjoying your time with that person.

In the hurried, overloaded world in which we live, with so many friends on Facebook and contacts on LinkedIn, these suggestions are a helpful reminder that the quality of connections we make is more important than the number. Less is more.

Creating a values-led culture

Moving back to the organisational point of view, it is helpful to consider how to create a values-led culture, or perhaps more accurately, how to increase the extent to which your culture is values-led. The reason this is so important is that having shared values across the business gives a clear point of reference for each person and team on how to behave, which ultimately influences how your customers experience dealing with your organisation on a day-to-day basis.

Your values, if they are lived out in the culture of the organisation, will give people a shared code of conduct as a basis for increased empowerment, collaboration and learning. This code provides clarity on what the organisation's preferences are, what

is right in each particular situation that people find themselves in, so that people can make decisions based on a consistent set of principles driving consistent behaviour and outstanding performance – both for your business and for your customers.

If you combine this with what we looked at in the last chapter, having a clear shared sense of purpose and clarity of direction, you have a powerful framework for people across your organisation within which to make connected leadership practical and valuable. As a leader you are enabling the organisation to connect, to make devolved decisions in a coherent way, to collaborate across functions and business units in a joined-up way to accelerate end-to-end process efficiency, to share and adapt to changing circumstances with a shared intelligence and to do the right thing by the customer. It is a freedom framework.

In my research I found that this framework was a pre-requisite to successful introduction of these other ways of working. Without it they were at risk of being counter-productive because people didn't have the clarity of purpose, vision, strategy and values within which they can operate with higher degrees of freedom without losing their cohesion and effectiveness. Having a strong and shared vision, purpose and values provides a rational and emotional framework for 'ensuring careful coordination of effort in a common cause',¹⁰ that is the direction for shared strategy and action, a clear sense of meaning and a clear code of conduct.

Values-based leadership provides the behavioural framework to guide people across the organisation to achieve the vision and purpose in a principled and morally satisfying way. In combination, these factors give clarity for everyone on the organisation's 'mission command',¹¹ leaving them free to operate knowing they are not acting or behaving inconsistently with the overall aims and values of the wider organisation.

Except in extreme cases such as, perhaps, totalitarian regimes, it is difficult to impose shared cultural values. Cultural values emerge and evolve over time, and as leaders we are better focusing our effort on encouraging those values to grow in the direction of the

light we desire by ensuring that the light is clear, appealing and relevant to our shared context.

Take, for example, the mobile operator in the UK, EE, which was formed from the merger of T-Mobile and Orange in the UK. EE articulated 'Be Bold' as one of its shared values post-merger. Being bold is clear – it is simple and demands a certain type of behaviour, it is appealing to many because it is aspirational and suggests an exciting ride, and it is relevant because the mobile sector is highly competitive and in a post-merger situation EE needed to establish itself quickly as a positive brand in consumers' minds. So it has resonated well with employees and it is helping EE to create a shared culture of ambition, action and courage, which are characteristics helping it to compete effectively.

So how does a company like EE achieve a healthy level of commitment from across the workforce to this and other statements as shared values? The answer is inevitably varied, but I suggest that there are two ways in which you can review how embedded your organisational values are in practice, by thinking through the following aspects of values in action: having clarity about what your values mean and having leaders who are genuine role models of them day to day.

1 Clarity of values

Research indicates that the process of clarifying personal and organisational values itself has a positive impact on levels of commitment to the organisation.¹² Those people with a high level of clarity about their personal values as well as the organisational values have the greatest commitment to the organisation. However, the research also indicates that simply clarifying the organisation's values does not automatically inspire commitment: it is also important for individuals to clarify their own values *vis à vis* those of the organisation. It is the act of connecting personal and organisational values that leads to increased commitment and performance.

Values inform our decisions. They guide our actions in an environment characterised by volatility, uncertainty, complexity and

ambiguity (VUCA). They are therefore empowering. As a leader it is important to find your own values, to identify them and live by them. As a leader it is also important to enable others to clarify their values and allow them to live to those values within the context of the cultural values of your organisation.

An authentic leader starts by ensuring there is clarity about the organisation's values, or if there is not, as possibly in the case of a post-merger integration, developing them with everyone in the business. The values need to be described in a way that resonates with people throughout the organisation, at all levels. It is less effective for leaders to tell people what principles to operate by; it is more productive to use a collaborative process to develop or refine your company values, if they are not already in place. The discussion should include all stakeholders (customers, colleagues, investors and so on).

The shared values need to be reflected in the way you and your peers as leaders behave: the climate you create around you, the interactions you encourage managers to have with their teams, how decisions are made and so on. By being true to your values and balanced in your approach, you can engender an environment characterised by trust and respect. This establishes your ability to delegate, collaborate and lead change effectively, which we will explore later in the book.

As we discussed in the previous chapter, purpose and direction are about what the organisation does to define its mission in the world. This then gives meaning to people's lives when they come to work every day. It is future-orientated: where we as an organisation are going and why.

Authenticity embraces how the business operates today: its culture, behaviour and how decisions are made. It is about creating an environment based on values such as trust and respect. If you operate on the basis of moral pragmatism it will be difficult to develop a culture of trust and respect. Determining these values and embedding them into the organisation's DNA are fundamental to the development of the connected business. If there is any

sense of mistrust or the priority of individuality over collective effort, or the perception of the hoarding of power, then the other factors will be almost impossible to implement.

The first step in this transition is to decide how to explore and make sense of your cultural values in a way that resonates with people in the organisation and acts as a helpful guide. This should colour every aspect of the business, such as how the values influence every touch point of the employee experience, from recruitment and retention to compensation and benefits. This will help everyone be clear about the criteria for success.

If the criteria encompass only the end result – ‘you must achieve the target of X by Y date’ – and there is no reference to the means, then why should anyone worry about how they achieve the end result? It is also, for example, important to embed your values and the associated behaviours in how people’s performance is managed, as a balance to their task outputs.

2 Leaders as role models

This alignment between the individual and the organisation’s values is critical. When I worked with a major international bank which wanted to return to the deeply ethical, deeply caring values of its pioneering founders, we ran workshops with senior leaders in which we looked at the values through a series of moral dilemmas: how would people act in a certain situation, did they know what to do immediately or did it take a while, what could they take away from this? The research that came out of this showed that people had a very different attitude to moral decisions in work compared with what they felt was the right thing to do at home.

It was almost as if, at times, people would lose that sense of an inherent morality within themselves, and the person that would show up for work wasn’t the same person who got out of bed in the morning. We helped leaders to bring those two sides of themselves back into alignment to make sure the values being advocated by senior leadership took root throughout the wider managerial team.

Leaders need to be genuine role models while being openly intolerant of behaviour that demonstrates the opposite of the values. So if integrity really is paramount in the organisation, the way all senior managers behave must reflect this. If anyone fails to do so, the leader has to have the courage not only to challenge them but eventually take steps to part company with them. I recall the head of a major retailer standing up at an event for his top 50 directors soon after he took over the company and making it plain that if anyone didn't believe in the company's values they were in the wrong business. People have to understand by deed as well as word just what is appropriate, make sense of it and internalise it so that it comes to seem authentic for them.

There is a strong link between values, culture and engagement. The MacLeod report into engagement, sponsored by the UK government and published in 2009, draws on a wide range of sources and concludes that there are four main drivers of employee engagement:¹³

- Leadership which ensures a strong, transparent and explicit organisational culture which gives colleagues a line of sight between their job and the vision and aims of the organisation.
- Engaging managers who offer clarity, appreciation of colleagues' effort and contribution, who treat their people as individuals and who ensure that work is organised efficiently and effectively so that colleagues feel they are valued, and equipped and supported to do their job.
- Colleagues feeling they are able to voice their ideas and be listened to, both about how they do their job and in decision making in their own department, with joint sharing of problems and challenges and a commitment to arrive at joint solutions.
- A belief among colleagues that the organisation lives its values, and that espoused behavioural norms are adhered to, resulting in trust and a sense of integrity.

This summary includes reference to the organisation (culture and values), the manager, the work itself and the ability of the employee to influence the organisation. As a leader a key part of

your job (along with your leadership colleagues) is to unify these factors and to create for each colleague a powerful experience that is engaging and that drives productivity and responsibility. The first factor describes you as role model, the second describes the wider management population and the criticality of the line manager relationship for employee engagement, the third asks you to listen well and the fourth is about living the values in practice. It sounds easy, and at one level it is relatively simple.

The difficulty comes when you need to choose between these priorities or other business tasks which seem more urgent and important. I have had the privilege in recent years to work with several CEOs who have made the call that these priorities are in fact more important than many other possible areas of attention, and who lead highly successful businesses. Instead of focusing primarily on what some might see as more 'strategic' issues, such as doing deals or managing the details of finance or sales, they have invested their time in their people, in their leadership teams and in the culture of their organisations. One turned his company from the most complained about in the industry to the least, another boosted international growth and profitability by double digits in a time of recession. Their businesses are highly engaged and highly successful, with increased shareholder investment.

Unilever's chief executive, Paul Polman, gave a wide-ranging interview to the *McKinsey Quarterly* on the lessons he has learned about leadership success during his career at three major consumer goods companies.¹⁴ Asked to isolate a key lesson that he has learned as a manager, he replied:

'I think the first thing is (to be) purpose driven and (to have) values – that, I think, is very important. And (what) I think over my career is, if your values, your personal values, are aligned with the company's values, you're probably going to be more successful longer term than if they are not. If they are not, it requires you to be an actor when you go to work or to be a split personality. If these values are totally aligned [you're in a good place]; we all know that work-life balance has more and more become a life balance of which work is a part. So it's very, very important.'

Ethical leadership

A final word on values. If you are looking for ways to increase the levels of authenticity in your business, it is helpful to consider how ethical your leadership practices are. Ethical leadership is closely related to the idea of authentic leadership. Kalshoven *et al.*'s 2011 'Ethical leadership at work' questionnaire gives a helpful checklist for what ethical leadership means.¹⁵ Table 5.3 illustrates the appropriate behaviours.

table 5.3 Ethical leadership checklist

Ethical leadership at work dimension	Description
Fairness	Do not practise favouritism, treat others in a way that is right and equal, and make principled and fair choices
Power sharing	Allow followers a say in decision making and listen to their ideas and concerns
Role clarification	Clarify responsibilities, expectations and performance goals
People orientation	Care about, respect and support followers
Integrity	Consistency of words and acts, keep promises
Ethical guidance	Communicate about ethics, explain ethical rules, promote and reward ethical conduct
Concern for sustainability	Care about the environment and stimulate recycling

Source: Kalshoven *et al.*¹⁵

If you rate your organisation or team on these dimensions currently (from good to bad) it will highlight where you can increase the level of ethical maturity, which in turn will support the shift to creating a truly authentic business. I'd encourage you to do it by yourself and with your team to explore ways to increase the way ethical leadership is played out in practice and to act on the findings.

case study

Values and authenticity at Marks and Spencer

Over the last 130 years, Marks and Spencer (M&S) has grown from a single market stall to become an international multi-channel retailer, operating in over 50 territories worldwide and employing more than 85,000 people. The company's founding values are quality, value, service, innovation and trust. Today these have evolved into Inspiration, In touch, Integrity and Innovation.

Embedding enduring values

The 'Plan A' ethical and environmental programme, launched in 2007, has become part of the fabric of the business. This programme, which engages employees, suppliers and customers, is constantly updated as M&S aims to become the world's most sustainable retailer: sourcing responsibly, reducing waste and helping communities.

Tanith Dodge is director of HR at M&S. She believes that the importance of strong values to business success has been a critical lesson from the global economic crisis. 'Doing the right thing matters more than ever,' she says. 'Values and authenticity need to be at the heart of the business. Leaders need to have integrity and build cultures of trust alongside the whole corporate social responsibility agenda.'

Building leadership capability

The M&S values also inform the organisation's approach to leadership. The business has been through significant change in recent years in response to the changing needs of customers and the challenges of the economic downturn. As part of its transformation programme, M&S has focused on building the capability of senior leaders to take the business forward in today's increasingly competitive and unpredictable marketplace.

To achieve this, M&S has developed challenging and innovative leadership development programmes which encourage an increasing focus on the customer. All learning and development is underpinned

by M&S's unique 'ways of working' – agility, collaboration, entrepreneurialism and simplicity.

The principles of Plan A are also embedded in leadership development programmes as M&S works with charity partners and community groups to provide mutually beneficial learning opportunities. Many of these opportunities are disruptive – they challenge leaders to address uncomfortable situations, which encourages new ways of thinking. This leads to greater innovation back in the workplace.

M&S has further moved away from traditional classroom-based learning with the introduction of digital technology, such as interactive portals where leaders can collaborate, learn and manage their own development journeys.

'We have built more connected leadership across M&S as we develop the capability of leaders in line with the values and attributes at the heart of the M&S brand,' says Tanith. 'Forming these meaningful connections has galvanised leaders to lead change and has also resulted in increased productivity and cost savings.'

Living the shared purpose

Tanith is also passionate about the importance of a shared purpose in order to create a seamless customer journey: 'You've got to have a shared purpose and direction so that all parts of business are joined up and there is a strong coalition behind driving results. This shared purpose doesn't just come from the top. It comes from across the entire business. We want customers to have the same positive experience whether shopping online, mobile, or in store. In our digital age, customers expect an agile response wherever they are. We're living in unprecedented times. Everything has speeded up.'

In addition, M&S has developed a set of behaviours that sits alongside its core values. 'We're passionate about what we do,' says Tanith. 'We really believe in doing the right thing, so integrity and trust are absolutely key. Our culture of collaboration comes from shared values, shared purpose and direction, devolved decision making, good communication and engaged employees who feel empowered.'

Questions to ask yourself

Finally, here are some questions that you might find helpful to think about before moving on to the next chapter. You may find it helpful to make some notes to refer back to later as you consider where to focus your efforts in becoming a more connected leader.

- What kind of leader do I want to be?
- How does that align with our organisational purpose and direction?
- Do I have an honest understanding of my values and what motivates me?
- Can I describe the relationship between myself as a leader and others in the organisation?
- Is there alignment between my behaviour and my leadership objectives?

Connected leader's checklist

1. How we do things determines whether people trust us or not – as leaders and as organisations – just as much as what we do
2. By being clear and uncompromising about our values we are able to demonstrate standards of behaviour in which others can have confidence
3. Understanding our emotional intelligence also helps us manage ourselves in line with our values and in a way that others can trust.

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Connected relationships

In this chapter we will explore how your authentic leadership plays out in terms of the strength of your relationships at work. We start by looking at how you can achieve more open and transparent relationships and thus improve your relationship-building qualities through:

- applying emotional intelligence
- leading with purpose
- understanding how you come across
- opening up to others
- the power of feedback.

The final element of authentic leadership is balanced processing of information. This guides you through the concept of situational awareness, having honest conversations and managing conflict effectively. I leave you with questions to help you map your key relationships.

Mohammed sat in his car in the car park at work, gripping the steering wheel and staring out of the windscreen into space. His frustration was boiling over again and he couldn't understand why his colleagues were so sensitive. He ran through the events of this afternoon in his head.

He had gone to the website project review meeting in a good mood, hoping for a positive discussion about progress with the new website and happy to help his team members to resolve any problems they had. He had told them repeatedly that the deadline could not move, and he had been consistent in his view that the timescales were achievable.

When he got to the meeting with John, the project manager, and Mary, the lead developer, he found that they were at least two weeks behind schedule and expecting this to get worse over the coming weeks. John kept on talking about scope creep and Mary seemed to be preoccupied with how her team members were feeling under pressure. Mohammed tried to be clear with them, but they didn't seem to be listening to him. When he raised his voice a little to make his point clear, John went quiet and Mary stared at the floor. They appeared to be upset, which seemed ironic to Mohammed as he was the one who should be upset. He told them to sort it out and the meeting ended after only half an hour.

This project was important to Mohammed, and to the whole team, as it was high profile and he knew that the CEO was personally interested in seeing the website launch happen in time for the peak trading period. Yet he felt that neither John nor Mary really understood this and that they left the meeting no more committed to it than when they'd started. Mohammed sat in his car and wondered how he was going to get through to these people.

Looking outward

In the previous chapter we looked at how shared values drive behaviour, which in turn drive culture, performance and the customer experience. As a leader you at least partly set the tone for others, and if you can influence those around you so that you share a positive set of values, it is far more conducive to creating a customer-centric culture. I say 'partly' because the optimal situation is where there is a mutual expectation between you and your colleagues of standards of behaviour that reflect the type of business you all want to work in.

If, for example, you all value great design quality and you don't tolerate in each other behaviours that get in the way of outstanding design, you will be connected in your approach to work and more likely to inspire each other to achieve breakthroughs in design. As leaders, therefore, our role is to enable this to happen, rather than seeing ourselves as the sole guardian of the values.

As we saw in the last chapter, if you do not embody the values in your day-to-day behaviour, it will be difficult for others to do so, thus eliminating the possibility of shared values. But if we are clear about what's important and are self-aware enough to manage ourselves in line with those values, we have a chance to create the environment where the values are a shared foundation for a great culture.

In this chapter we move that on to the next two aspects of authentic leadership: establishing open and transparent relationships and balanced processing of information. I will give you some techniques to help you examine the effectiveness of your relationships with others. I will also look at how you can create an open and honest culture by establishing relationships that are based on welcoming opposing viewpoints and fair-minded consideration of those viewpoints as part of processing information in a balanced way. As a connected leader you need to draw out from others what is important and how to make it work in practice rather than typically imposing your own will and knowing best.

Why is this important? Connected leadership relies on high levels of trust between customers, colleagues and leaders. In its Global Workforce Study, consulting firm Towers Watson found that 79 per cent of employees rank trustworthiness as the number one leadership attribute.¹

Developing open and transparent relationships

1 Developing your emotional intelligence in relation to others

In the previous chapter we discussed the importance of emotional intelligence and being aware of your own values and emotions to guide your thinking and behaviour. We are now going to

turn to two other components: social awareness, or your ability to understand what's really going on with other people emotionally, and relationship management, or your ability to use awareness of your emotions and those of others to manage interactions successfully. Both are key to building and sustaining high levels of trust.

Building on the review of your emotional capital capabilities in Chapter 5, it is helpful to sharpen your emotional antennae regarding relationships. In my experience it is a long process of gradual discovery to see and accept yourself as others see you. It is one that takes repeated feedback, discussion and reflection with those around you, especially those you trust. There is, at least for some people, an inherent contradiction here because as a leader you are demonstrating on a daily basis a willingness to stand out and to take responsibility and accept the risk of failure. Yet, at the same time, you need to have the humility and selflessness to listen to how others perceive you and appreciate how your behaviour affects them, even though you may have in your own mind a good reason for such behaviour. The prize for achieving this is worth the effort. You can start by asking yourself questions such as:

- How do you understand what makes you and others tick?
- How often do you ask for feedback from others?
- What happens to your mood and behaviour under pressure?
- What tactics help you in these situations to remain calm and self-controlled?
- How much time do you spend each week reflecting on your personal effectiveness as a leader?
- How willing are you to address conflict in a constructive way in the best interests of both the business and the people involved?

It is likely as a leader that you already have considerable competence in relationships, but it is helpful to read these questions and to ponder a while on your answers, because they may suggest ways for you to increase your competence in relationships even further. They can help you coach yourself.

Improve team engagement

It can be very productive to work with your team to explore how to improve your engagement with each other and encourage others to feel positive and valued. Try the following activity with the team as a way to increase trust and know each other better to aid performance.

First, ask people to put their rational minds to one side for a while. Then ask them to answer all or a selection from the following questions:

I love it when . . .

I'm at my best when . . .

I feel valued when . . .

I'm energised when . . .

I'm at my worst when . . .

I feel frustrated when . . .

I'm happiest when . . .

I'm intimidated when . . .

I feel fulfilled when . . .

You can discuss each question in turn so that you all hear each other's answers to the same question. This can then lead to more in-depth discussion. Or each person can share all of their answers in one go, so you develop a better understanding of each person in turn. You can make it into a game by writing each question on a separate card and turning over a card at random to discuss among the team. The key objective, whichever way you approach the activity, is to gain a much closer understanding of what makes each of you tick, which is helpful when thinking about a particular issue or problem since it gives each of you fresh insight into what is important to others.

You can also include these questions in discussions with colleagues to develop more open dialogue and share your views

as well as listening to the other person's. In 25 years of working with senior leadership teams I have rarely come across a team that naturally and regularly has discussions of this nature. It often takes specific team-building workshops for these questions to be answered honestly and in any depth, and teams typically find it difficult to continue to have such open discussions when they are back in the routine of work. But I find that leadership teams that do develop the skill of open dialogue and honest disclosure of emotional as well as rational task information accelerate to higher levels of trust, coherence and performance. We will discuss how you can develop your team to be more connected in the next chapter.

Understanding and using your feelings

Developing stronger emotional literacy enables you to have more useful conversations that explore feelings as well as objective facts with your colleagues, customers and other stakeholders. But first you should make time to reflect on your own feelings so that you understand them and are able to describe them accurately. For example, try using a three-word sentence beginning with 'I feel . . . ' Interestingly, we sometimes use 'feeling' words to describe thoughts, such as 'I feel like . . . ' or 'I feel as if . . . ' which often describe what we are thinking. So try to distinguish between thoughts and feelings to avoid confusion. When describing your feelings start with 'I feel . . . ' followed by an emotion adjective such as angry, hurt, happy or pleased.

It is also helpful to label feelings rather than labelling people and situations, using statements such as 'I feel impatient' instead of saying 'This is ridiculous' and 'I feel hurt' instead of 'You are insensitive'. In this way you are articulating your feelings effectively and without suggesting fault in others. It is very important that you take responsibility for your feelings by how you describe them. 'I feel frustrated', for example, is more helpful than 'You are making me frustrated'.

You can use your feelings to set and achieve goals. Answering 'How will it feel if I do this?' and 'How will it feel if I don't?' sets

up emotional connections to your goals, and you can do the same with others by asking them ‘How do you feel now?’, ‘How will you feel when we achieve this?’ or ‘What would help you feel better?’ This approach encourages others to make connections with future outcomes, which is likely to increase their discretionary effort in achieving them. Maintaining commitment can also be strengthened by periodically measuring feelings through, for example, asking colleagues or peers how motivated they feel on a scale of 0 to 10 and what would make them motivated at a level of 10. This gives you all ideas on how to increase commitment and accelerate progress towards your goals.

What is important to bear in mind is that how you respond to your feelings can influence directly how effective you are. Say, for example, that you are angry or upset about something. If you are honest about this and identify your fears and desires, you can then ‘use’ the emotional feelings to help you feel energised and take productive action, channelling that emotion into goal achievement. Or you can let the anger cloud your judgement and bias your behaviour in ways that obstruct your effective communication as a leader.

Validating the feelings of others

It can be helpful to validate other people’s feelings. This can be as simple as asking your colleagues how they feel. By showing empathy, understanding and acceptance of other people’s feelings you are demonstrating respect for them as people and building increased trust if you do it consistently. By asking questions such as ‘How will you feel if I do this?’ or ‘How will you feel if I don’t?’ you are showing how important it is to you to take their feelings into consideration.

Being a coach

Finally, avoid giving too much advice by working in a ‘command-and-control’ style with colleagues who are competent, and criticising or judging others. In my experience of working with leaders across various industries I have found that a coaching

style based on asking pertinent questions, providing support and enabling people to reflect on the consequences of their actions gives them more lasting insight into their feelings and how they can manage them more effectively in future. The key point is that being a role model for self-awareness and building quality relationships can have a positive ripple effect on those with whom you work.

2 Leading with purpose

This is linked to the discussion in Chapter 5 about the importance of making a connection between your personal and business identities because your pursuit of meaning and achieving something worthwhile with your life is an aspect of authenticity. If you are totally pragmatic and pursue opportunities without a sense of why they are important, the risk is that you show others that they are merely a means to that end. You have to make it plain in not just what you say but what you do that you are living your purpose and what you care about.

Bill George, one of the leading authorities on authentic leadership, has argued that the only valid test of a leader is their ability to bring people together to achieve sustainable results over time.² Integral to this success has to be a genuine demonstration of your personal values that are shaped by your beliefs and developed through introspection and consultation with others over years of experience. He believes that the test of an authentic leader's values is not what they say but how they act under pressure. If leaders aren't true to the values they profess, trust with those they seek to lead is broken and not easily regained.

How do we recognise authentic leaders? George suggests that they typically demonstrate these five traits:

- 1 Pursuing their purpose with passion.
- 2 Practising solid values.
- 3 Leading with their hearts as well as their heads.
- 4 Establishing connected relationships.
- 5 Demonstrating self-discipline.

To optimise your effectiveness as a leader of people, you must first discover the purpose of your leadership. To do this you need to understand the passions that make you what you are. If you have not already done this in the past, try writing down why you are a leader and what it means for you to lead others. George argues that if you are not driven by a sense of purpose and passion, then the danger is that you are at the mercy of your ego and narcissistic impulses.

This echoes our previous discussion about the power of organisational purpose. When an organisation has no clear sense of why it exists or its wider contribution to society and stakeholders other than profit (which is an outcome, after all), the risk is that its culture becomes driven by short-term motives of greed and self-interest. This, in turn, leads to a level of amorality that we have seen in banking as well as other industries in recent years, and a breakdown in the relationship of trust between the organisation and its wider group of stakeholders and society.

The importance of 'how'

'Big businesses are good at articulating "the what" that they're trying to achieve, whether that's a financial or customer target, but they often forget "the how" you achieve those targets, which is more important and where values play a big part.'

*Mark Stevens, Managing Director, CCD, Provident
Financial Group plc*

3 Think about how you come across to others

Eric Berne was one of the first to analyse the relationships and interactions between leaders and groups in his book *Games People Play*.³ He developed a theoretical framework of ego states based on parent, adult and child styles and responses to describe the nature of transactions in a way that practitioners can understand and use.

The emphasis in Berne's adult state on balanced processing of information and open, transparent transactions between leaders

and followers is reflected in later work on authentic leadership. This became an important aspect of the theoretical framework I used in my research. His theories have been used extensively in improving relationships between people, groups and the organisation as a whole.

Each of Berne's ego states (parent, child and adult) is played out in what we say and do. Recognising ego states in the behaviour of yourself and others is a valuable tool to help you build more authentic relationships with others, improve your understanding of the dynamics in many interactions and enable you to respond appropriately in a way that takes account of both your needs and those of others. Similarly, adaptive leadership emphasises the importance of effective diagnosis before action.⁴

The *parent* state consists of a set of recordings in an individual's mind of imposed, unquestioned and external events. We derive most of them from our parents and parental figures such as teachers or mentors through experience and observation of their behaviour and speech, including encouragement and loving care as well as being told off, punishments and rules. Berne suggests that these recordings are permanent and cannot be erased. They are gathered throughout our lives and will be played back at intervals and influence our behaviour, although the degree of influence varies from individual to individual.

When adults are behaving under the influence of the parent state they can appear to be judgemental, traditional, regulatory and conventional, as well as being supportive and nurturing. They are replaying the tapes from their past. Signals that someone is acting as the 'parent' include verbal expressions such as 'always', 'never', 'how many times (have I told you?)', 'don't you agree that . . .', 'well done', 'if I were you' and 'you should . . .'.

Non-verbal indications of the parent state can include such behaviour as a furrowed brow, pursed lips, a pointing index finger, shaking your head and folding your arms over your chest as well as more 'nurturing' acts such as patting someone on the back or putting an arm around their shoulders.

The *child* state consists of recordings of internal events (feelings) experienced in response to external events. For example, a small child who is reprimanded by their mother may feel angry, hurt and confused, especially in the common case where they do not understand why what they did was ‘wrong’.

Like the parental recordings, those in the child state are permanent and can easily be triggered by events in adult life so as to influence our behaviour. The influence of the child on the adult’s behaviour is often to make them creative, experimental, emotional, divergent, insecure and pleasure seeking. Words that indicate someone you are talking to is acting in the child state include ‘I wish’, ‘I want’, ‘I wonder’, ‘I don’t know’, ‘I don’t care’, ‘best’ or ‘biggest’. Physical signs to look out for include a quivering lip, laughter/giggling, rapid and changeable movement, shrugging of shoulders, or a whining tone of voice.

The *adult* is the last ego state to develop, according to Berne. It begins only after the infant is ten months old and consists of data acquired and computed through exploring, thinking out and testing ideas. The adult state seeks for information, respects other people, estimates, and is constructive and non-dogmatic. It uses the data stored in the parent and the child states as information inputs alongside what is discovered by physical and social exploration of the world. It examines and tests the data, updating and amending it to make it fit other knowledge.

When someone is behaving in an adult state they will typically be reasonable and act with a problem-solving approach. They will have a body posture that is appropriate to their being in the moment and will generally appear calm and confident. They will ask questions such as ‘why?’, ‘what?’, ‘where?’, ‘when?’, ‘who?’ and ‘how?’, while ways of talking might include ‘I see’, ‘I think’, ‘probably’, ‘possible’ and ‘relatively’.

We need to bear in mind that each of these ego states can be helpful in different circumstances. The child in its creative, uninhibited form can be valuable in a brainstorming session, for example. Rules of thumb derived from the parent can be a useful guide to

what to do in situations where the large number of questions and unknowns would otherwise lead to an impasse, helping us to make sense of ambiguous situations and to make balanced decisions based on the available information, even if it is not at the level of detail we might prefer.

Both child and parent states, however, can be highly disruptive as a leader. The child state can lead to outbursts of temper while the parent state can lead to being overly critical, rigid dogmatism and resistance to change. The only ego state that it is desirable to have functioning at all times is the adult, because this maintains awareness of the parent, the child and the situation, and determines what behaviour is appropriate to the situation. There are echoes of the emotional chimp taking over our mind in Dr Steve Peters' *The Chimp Paradox* – staying in the adult state allows us to control the chimp rather than the other way around.⁵

Staying in the adult style is particularly important when reinforcing across the business the freedom framework of purpose, strategic direction and values – the organisational narrative that enables people to act intelligently and collectively. Too much reinforcement can come across as controlling and ‘critical parent’, which can provoke a rebellious ‘natural child’ response. Too little can lead to a *laissez-faire* approach where distribution of leadership is not coordinated and lacks clear parameters, which leads to inconsistency and ultimately to strategic incoherence.

4 Opening up

As we saw in the previous chapter, self-awareness means being honest with and about yourself. That is the first stage in reaching a better understanding of your relationships with different people. You will find it very difficult to create an atmosphere of trust in your relationships without such self-disclosure.

The Johari Window, developed in 1955 by two American psychologists, Joseph Luft and Harrington Ingham,⁶ can help you identify four kinds of information about yourself that affect your communications and relationships with others, as shown in Figure 6.1.

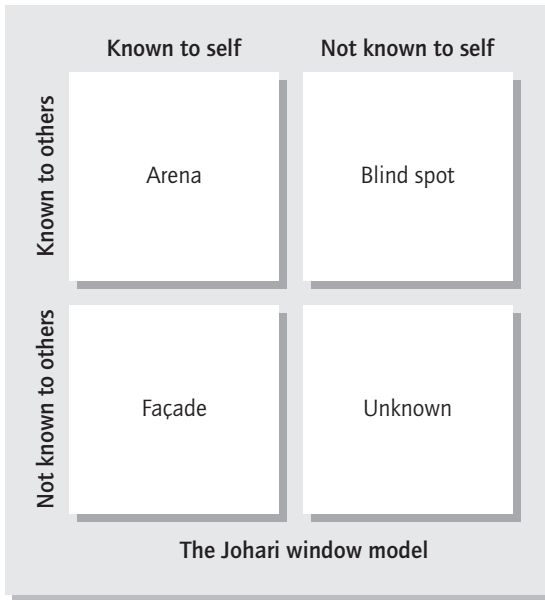


figure 6.1 Johari Window

Source: Luft and Ingham⁶

The Johari model charts the information available to you and others in four categories, based on understanding whether each piece of information is known or unknown to you, and known or unknown to others.

- In the *arena pane* the size of the open pane reveals the amount of risk you take in relationships. As relationships become deeper the open pane gets bigger, reflecting your willingness to let yourself be known. It includes things you know and don't mind admitting about yourself.
- The *blind spot pane* consists of all the things about yourself that other people perceive but of which you are not aware. You may, for example, think of yourself as confident and self-assured, but because of your nervous mannerisms others may see your insecurities. The more you learn about how others see you, reducing the information in your blind spot pane, the more you will be able to have open and transparent relationships with them.

- The *façade pane* is where you exercise more control. It comprises the information (such as history, feelings and motivations) that you prefer not to disclose to someone else. It could be concerns about others or information about yourself that you wish to conceal. The more you conceal, however, the less open and trustworthy you are likely to appear to others.
- The *unknown pane* is made of everything unknown to you and to others. No matter how much you grow and discover and learn about yourself to shrink the pane, it can never completely disappear. It includes all your untapped resources, all your potential, everything that currently lies dormant. Through increasing your communication with others you can, however, reduce the size of this pane, which will help you strengthen your relationships of trust with others.

The panes are interdependent. A change in the size of one of the panes will affect all others. For example, if through talking to a friend you discover something you never knew before (something that existed in the blind spot), this would enlarge the arena pane and reduce the size of the blind spot pane. Your discovery could be something insignificant or it may be something important, such as 'Jim finds it difficult to challenge you in board meetings'.

You can draw a new window for every person you communicate with. While the size of the panes can change according to your awareness of others, of your behaviour, feelings and motivations, it will also be different for different people because your behaviour, feelings and motivations are different. Compare, for example, the types of window you would have with a work colleague and a member of your family.

It can be rewarding and satisfying to add to your arena pane, but also painful because it does involve some risk. You need to use care and discretion on occasions as an inappropriate disclosure can be damaging, whether you are giving it or receiving it. However, the more you reveal yourself to others, the more you will learn about yourself. The more truth about yourself you are willing to accept from others, the more accurate your self-concept will be.

Self-disclosure can help develop your leadership relationships. If you are finding it difficult to build a strong relationship with a key individual at work, for example, it might be useful to volunteer some more personal information about your out-of-work life than you would typically disclose with work colleagues, such as a recent experience you had when involved with your hobby. You could then ask them what they do out of work that they enjoy. You can continue using the same give-and-receive sequence with more work-related topics that might otherwise not be discussed between you. By gradually increasing the size of your arena pane with this person you will build more trust, which can lead to further sharing of information and strengthen your relationship and ability to work well together.

5 The power of feedback

A helpful way to reduce your blind spot pane and increase your understanding of the impact you have on other people is through receiving effective feedback from those people on a regular basis. Every morning I look in the mirror to help me shave and prepare for the day ahead. The reflection in the mirror (like feedback) gives me the information I need to be able to manage my own actions well (and to avoid cutting my neck with my razor).

Feedback from other people is essential if we are to be effective, self-aware leaders. Ironically, as leaders we are often in danger of receiving less than normal. The lonely leader syndrome is all too frequent in companies I have worked with over the years, with senior figures treated with too much deference and with communications filtered to make sure they are palatable. This is completely out of kilter with what is happening in the outside social media-fed world in which these companies operate, where feedback is instant and unedited. Customer complaints about large companies on Twitter can reach millions of other customers within moments. So as a leader you need to ensure you have open and unedited feedback on your impact and on your performance from across your business and from customers if you are to maintain a healthy level of self-awareness.

This feedback will help you to become more aware of what you do and how you do it. Receiving it gives you an opportunity to change and modify in order to become more effective. Feedback is best given in a supportive and balanced way, although as a leader this is not always something over which you have complete control. If you genuinely ask people in your company or your customers about how you come across, how you make them feel and/or how they think you could improve, you will sometimes get unedited responses that may be less palatable but probably very valuable.

Your challenge is to receive such feedback with good grace and to look for any lessons you can take. In addition, when you receive strong feedback it is worthwhile looking into it carefully. It may be an outlier's view from someone with a grievance or who has personally been hurt by you or your business. It may, however, be a view from someone who had the courage to say the words that others also think but are not brave enough to articulate. A lesson I learned many years ago from Stephen Covey was to assume positive intent.⁷ In other words, to assume that the other person is working from noble motives and to seek to understand what is being said as insight rather than unfair criticism.

When you give feedback to others it is helpful to focus on the behaviour rather than the person, in terms of what is done rather than what we imagine their motive to be, and to avoid assumptions. For example, if you say to a colleague 'When you shook your head I thought you looked disappointed' rather than 'You don't like it, do you?', you avoid making inferences about their views which may or may not be demonstrated by their behaviour.

Feedback can be very effective in influencing the behaviour/performance of your colleagues. If you want your colleagues to do more of something, you can confirm that by giving them clear feedback, examples of what they do that you want more of. For example, 'Thank you, this is exactly the standard of accuracy we want.' If, however, you want your colleagues to do something differently, you can influence them by describing clearly what you want to see. For example, 'To reach a higher standard of quality

it would be helpful if you could . . . ’ Note that being specific is always better than generalising, which risks being too vague to be of value to the other person. And avoid judgements or offering too much advice, especially when you are more senior to the other person, as this restricts their ability to reflect and learn.

When you make giving and receiving feedback frequent and normal you will have helped to create a feedback culture, where information is exchanged among consenting adults in a constructive way to fuel improvement and performance.

Balanced processing of information

Some of the less effective leaders that I meet too often work from a set of preconceptions. They have a view of what’s worked in the past and therefore what the right answer is now. Or they believe they need to have the right answer because they are ‘in charge’ and therefore they might ask people questions and gain input, but they then fit the information to a predetermined course of action.

Balanced processing of information plays an important role in maintaining an adult approach as an authentic leader. It involves suspending immediate judgement and treating your own view as one source of input and balancing it with a range of other inputs from diverse sources. This demonstrates more of an ‘adult’ approach than a ‘parental’ style, which might come out as ‘I’m right because I’m the boss’ or ‘Just do it’. Balanced processing is linked to genuinely listening to understand. It draws on your inward emotional intelligence and ability to understand what’s going on around you at this particular moment.

It encourages you to behave in the way you choose to behave rather than having an unwelcome emotional response overtake your responses and lead to unbalanced decisions and actions. Balanced processing leads to decision making that is in the best interests of the organisation and which in turn inspires confidence, which we will discuss further in Chapter 7. As you manage your own reactions and draw on balanced input from available

sources, the level of commitment from others to implementing the decision will consequently be that much higher.

1 Situational awareness

In order to process information in a balanced way, you need to have a healthy level of situational awareness, which is about being aware in the present and within any situation that you're in. It is quite often framed in terms of decision making, and it is about making those decisions in the context of your values and how you choose to react. This draws on your ability to manage your emotional responses effectively. It means taking into account other people's views, data and circumstances, and being able to formulate a more holistic, more balanced and more comprehensive understanding of the nature of the problem and the possible solutions. It needs you to be a careful listener, to sense how others are reacting, and to process this range of data in an objective way that is free from bias.

You can practise your situational awareness by holding reviews at the end of meetings, getting input from each person on what they perceived to have been effective in the meeting and how they would improve the meeting next time. In this way you can test your own reading of the meeting, its personal interactions, dialogue, decisions and levels of commitment.

Being free from bias takes some thought. When we perceive an event or occurrence, the data we receive through our senses goes through an internal 'filter'. This filter influences how we respond to things and people, and can be a source of unconscious bias. If I have, for example, an unconscious bias that quieter people have less to offer, in a meeting I may judge an introvert colleague who makes only occasional contributions as not being as able or as interested in the discussion as more extrovert people present. This may in turn affect how I interact with that person, and ultimately how I judge their performance and fitness for promotion. The opportunity for unfair or unfounded decisions is clearly evident, although consciously I might refute that I had such a bias in the first place.

We can look at this through what is called the ‘ladder of inference’ (see Figure 6.2), which represents this internal process and helps us see how our beliefs affect how we comprehend data when we have to make a decision. The model was defined by organisational psychologist Chris Argyris in 1985, with the rungs depicting the psychological steps we go through between perceiving an event and responding to it.⁸ Exploring the rungs in relation to a particular event can help you bring what is unconscious to conscious awareness.

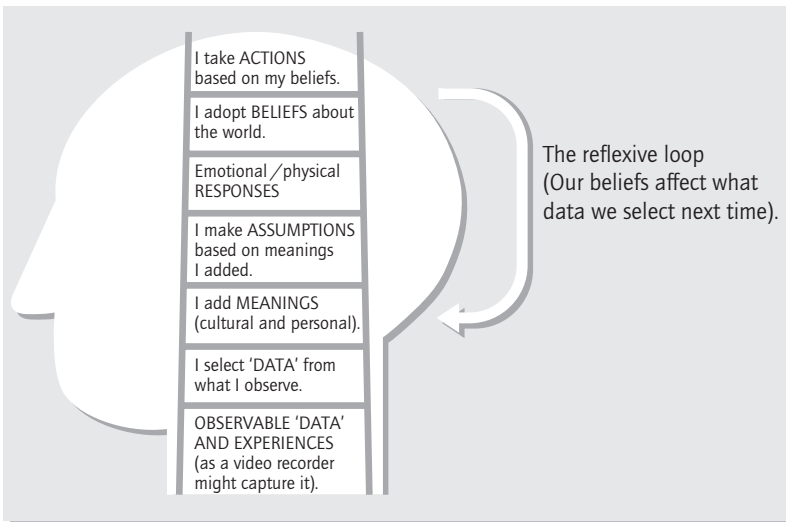


figure 6.2 The ladder of inference

Source: Argyris⁸

For example, imagine you send three emails to Jane but get no response. The data you select could well be ‘no response’, to which you add the meaning that Jane is ignoring you for some reason and that she is therefore being rude. You might be tempted to then assume that Jane does not like you or that she doesn’t want to do what you requested in your emails. Your emotional response could be frustration or disappointment, which causes you then to believe that Jane is not reliable. Finally, you decide not to ask her again and not to recommend her to others. All of this is justified in your mind because it is based on ‘a grain of truth’, that she did not reply to your emails.

You can adjust your inner radar and influence your resulting behaviour to help manage the ladder of inference process more consciously. For example, you can explore and understand better your personal ‘triggers’: what attributes, behaviours or cues do you particularly notice? What do you respond to positively or negatively? How does this change when you are stressed or distracted? How can you manage these responses more effectively? Think about how you position people to others, such as clients or colleagues: who do you put your social capital behind and why? What does this tell you about what you prefer and therefore what you might be biased against? Using these questions you can start to understand and therefore modify your internal bias and become more balanced in the way you process information and make appropriate decisions. This in turn will increase your authenticity and inspire more trust from others.

2 Honest conversations

Honest conversations are at the heart of open and transparent relationships. The more you can have honest and straightforward conversations with others, the more connected you will be with them. But it can take some preparation if the topic of the conversation is in some way controversial or potentially offensive. When planning such a conversation it is helpful to decide what you want to achieve in advance and to put yourself in your colleague’s shoes to see the conversation from their perspective.

During the conversation listen attentively (with eyes as well as ears), acknowledge any strong feelings you or they may have, and genuinely explore alternative points of view (your assumptions might not be correct). This is a time to draw on your emotional intelligence and to avoid getting hijacked by your emotions. Instead, remain calm and avoid judgemental or emotive language. Finally, if it is appropriate to suggest improvements, do so with respect and stay in an ‘adult’ state (avoiding a ‘critical parent’ tone of voice). It can take some courage to confront awkward or sensitive conversations, but if you do so with a careful and open approach it can build stronger, more trusting relationships.

One technique that can be helpful in discussing problematic situations is to frame them as problems you and the other person or people need to solve. If you ask questions to invite your colleague to explore the causes of poor performance or the reasons why they might appear not to be fulfilling their potential, you are indicating that you are keen to resolve the issue collaboratively. Having a two-way conversation about problems or barriers to high performance and their possible solutions engages the other person and gives them more of a feeling of ownership of both the problem and the solution. It's important to try to identify whether the cause is poor ability or poor motivation. If they can't identify a solution, you may have to – but the key thing to keep in mind is that it's not always up to you.

3 Managing conflict

Despite our best efforts we can find ourselves facing a situation that feels like 'you against me'. Here are four ways to help you get back to 'us against the problem'.

- 1 Focus on the other person, accepting that they have opinions, feelings and intentions. As described in the last chapter, empathy provides a basic human bridge which can give you a route for developing more constructive discussions and outcomes between you and them.
- 2 Look behind what they say they want in order to try to understand what they need. If you can satisfy both their needs and your own you are more likely to achieve a mutually beneficial outcome.
- 3 Invite solutions as well as sharing your own. In conflict situations it is natural for people to take positions, which can easily become entrenched. By inviting ideas from the other party you are reducing their feeling of isolation and encouraging a reduction of the entrenched positions towards a more shared view of the situation.
- 4 Build on ideas and suggestions to reach a win/win situation. If the other person is involved in defining the solution they are more likely to be committed to its execution, as well as feeling more positive about the conversation itself.

Looking for a mutually satisfying solution can be a disarming approach and one that can reduce tensions and encourage a more connected discussion: ‘My view is that . . . what’s yours?’ The sense that we are in conflict often hides the fact that we are actually trying to achieve similar things; try asking ‘What would a good outcome look like for you?’ Seeking to change someone’s view implies they are wrong, while seeking to understand the situation suggests they are okay. This is a way of thinking that increases collaboration and mutual problem solving.

Strengthening key relationships – questions to ask

As we have seen throughout this book so far, the connected leader uses influence to create the right mindset throughout the organisation. In order to use that influence wisely and effectively, however, it’s important to map the key relationships you have to identify areas of strength and those needing improvement. I would encourage you, if you have not already done so, to list the key relationships you have at work. Who are the people or stakeholder groups with whom right now it is most important to have strong, connected relationships? For each relationship use the techniques in this chapter to consider the current status of the relationship and how you might improve the quality of the connection, such as:

- Do you demonstrate high-quality emotional intelligence in how you interact or could this improve? Do you understand what motivates them and how to make sure they get what they need from your relationship?
- Is it mostly an adult-to-adult relationship or does it need to shift to be so?
- Are you working with the same quality of information?
- Do you process information together in a balanced way or do you tend to make decisions based on your judgement alone?
- Do you both operate in the arena plane or could you be more open with each other?
- Do you share a robust level of feedback or could you strengthen the level of feedback in either or both directions?

- How honest with each other are you?
- If there is conflict, how can you engage with them to find a mutually beneficial solution?

For each relationship on your list, decide on the area for improvement that will have most benefit from your analysis using the questions above. I would now encourage you to discuss it with them in person, so that you can together explore whether they see the opportunity for improvement in the same way and how they think you could improve. Between you, agree a course of action that will achieve a rapid and significant improvement in the quality of connection and put it into practice.

Agree to review progress after, say, a month and meet then to discuss what has improved, what you can learn and how you can proceed further. It can be very helpful to have regular conversations with your colleagues and wider stakeholders about how to strengthen your relationships. Having a clear focus for such conversations gives them legitimacy in both parties' minds in what might otherwise be very task-oriented meetings.

Connected leader's checklist

1. Having open and transparent relationships with people, including customers, colleagues and other stakeholders, is a key requirement to become a connected leader
2. If you can process information in a balanced way you will inspire confidence in others and make better decisions
3. Seek feedback whenever you can to learn and to provide a role model for others.

Notes

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- 3 Berne, E. (1964) *Games People Play: The psychology of relationships*, New York: Grove Press.
- 4 Heifetz, R., Grashow, A. and Lensky, M. (2009) *The Practice of Adaptive Leadership: Tools and tactics for changing your organization and the world*, Cambridge, MA: Harvard Business Press.
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Devolving decision making

Devolving decision making is a critical element in making the transition to a more distributed and connected style of leadership. It's also one of the more difficult, since it is natural for leaders to want to retain power in an organisation in order to control outcomes.

In this chapter we look at why pushing decision making further towards the customer is becoming such a prominent issue and how it plays out at the organisational level. An empowered culture and engaged colleagues are at the heart of this transformation, which needs to be based on providing sufficient management information, robust processes, creating a climate of trust and building capability.

Rethinking the balance of power

A husband and wife team, Jack and Rebecca, ran a medium-sized hotel on the outskirts of San Francisco in the US. The hotel was part of an international chain owned and run from London in the UK. The company was very patriarchal, having been in the hands of the same family since its founding in 1924. It wasn't a luxury hotel chain by any means, but it was well known. Its average prices and better-than-average service and product were what had sustained it over the years. But there was a problem.

The company owned hotels from California to Moscow and they were designed and run in the same way. In the early years visitors had enjoyed this approach because they could experience a consistent room and service wherever they travelled, regardless of where they were in the world. Predictability of service was something on which the company prided itself. Recently, however, customer numbers were slipping – they just weren't coming back.

The trouble was that the company wasn't reacting quickly enough to a rapidly changing business environment. Some in the company even suggested that the founder's great-grandson, now in charge, was incapable of running the company. Small boutique hotels had been set up in nearly every city where the company was based and these hotels provided an interesting, more locally attuned (and often cheaper) alternative to the same-brand hotel chain.

Jack and Rebecca knew they needed more power over the decisions about how to run the hotel in San Francisco. They wanted to choose some of their own furnishings and fittings and were keen to start sourcing food ingredients from local producers in order to create a better customer experience. While the CEO knew there was a problem and realised he had to cede more control to the local managers, he didn't know where to begin. He had some serious thinking to do about how to evolve the business in this new and more customer-centric environment.

Why decision making needs to be devolved

Devolving decision making is one of the five key factors identified as drivers of success in creating a more agile and customer-centric business. Moving to a more distributed form of leadership helps create the connections that drive agility and a differentiated customer experience. One of the keys to success is empowerment, a word used frequently but which in my experience is often misunderstood and applied ineffectually.

The Business Dictionary defines empowerment as 'a management practice of sharing information, rewards, and power with

colleagues so that they can take initiative and make decisions to solve problems and improve service and performance. Empowerment is based on the idea that giving colleagues skills, resources, authority, opportunity, motivation, as well as holding them responsible and accountable for outcomes of their actions, will contribute to their competence and satisfaction'.¹

I view it as creating a more intelligent organisation: one where people feel confident and competent to make decisions on a more regular and consistent basis, factoring in local conditions as well as the overriding purpose and values of the organisation. Devolved decision making is fundamentally about enabling decisions to be made closer to the customer that relate to the customer and coordinating these decisions within a strong framework. This gives people the flexibility and freedom to operate, confident that what they are doing is in line with the corporate strategy and values.

I see more and more companies grappling with this issue as they confront a marketplace of increasingly empowered consumers. We examined the rise of this 'new consumer' in Chapter 2 in the context of the networked society and the arrival of the Millennial generation. It is getting genuinely harder to please customers, not only because they are much more sophisticated about what's available, and on a global scale, but because they also want to be treated as individuals, even in a mass marketing context. They are interested primarily in the benefits to them, as customers, and are swift to spot any approaches that are seen to be of benefit only to the producer. Many are also interested in the higher purpose and social impact of the producer to ensure that they, as consumers, are 'buying ethically'.

Customer expectations of openness and transparency are high. Social media and digital communications enable customers to provide instant feedback – and they anticipate an instant response. Negative anecdotes get shared and amplified. The official story of a business or product lives in an increasingly contested space and any gap between the official story and actual behaviour is spotted quickly and amplified through social media – often with a damaging impact on financial performance.

As well as individual companies, whole industries are undergoing change relating to increased distribution of leadership. For example, in the UK rail industry there is a regulatory requirement for the rail infrastructure provider, Network Rail, to lead a culture change in the industry to one of partnership and customer centricity, based on a devolved structure. This is part of a strategic review of the way it operates, with an explicit commitment to introduce more devolved ways of working in the future. This is recorded in the CP5 notice of the Office of Rail Regulation: 'Network Rail has made important changes in its internal structure, moving more responsibility away from the centre towards its devolved routes, and making changes to how it works with the wider industry in terms of alliances with train operators and more partnership working with suppliers.'² Network Rail has created challenging leadership development programmes to help leaders at various levels to support the ongoing transition to more distributed leadership and ways of working.

Hence there is a need to become more agile through embedding a strong sense of colleague empowerment. The concept of empowerment has been around for many years, but it is less common in practice. The empowerment scenarios I see most often are partial or uncoordinated – in some organisations it is seen as a good principle, but in practice there is more centralisation of decision making, and in others it is left to individual managers to decide on how much they share decision rights with their people. Real empowerment involves a more concerted and cultural shift than either of these scenarios. According to Spreitzer, empowerment is a psychological state that encompasses four aspects of how people perceive their work:³

- 1 **Competence:** an individual's belief in their capability to be effective.
- 2 **Impact:** the degree to which an individual can influence strategic, administrative or operating outcomes at work.
- 3 **Meaningfulness:** the value of a work goal or purpose, judged in relation to an individual's ideals or standards.
- 4 **Self-determination:** an individual's sense of having choice in initiating and regulating actions.

These aspects of empowerment act together to foster a proactive, self-confident orientation towards one's work. As a leader you can create the climate where this is more likely to happen through demonstrating the authentic leadership behaviours we discussed in the previous two chapters in order for colleagues to feel trusted.⁴ The benefit of empowerment is that it has a positive impact on follower outcomes such as engagement, commitment, involvement, productivity and performance at both the individual and the team levels.

So if you want to create an environment where people feel confident and competent to make decisions and act in the best interests of both the customer and the business, you need to satisfy all four of the aspects listed above. Let's now consider what this looks like in practice at the organisational level.

Organisational level

1 Putting empowerment in context

Devolved decision making is closely allied with the thrust of modern politics in many developed countries of pushing decision making as close to the citizen as possible. This emphasis on local autonomy is fundamentally a question of authority: who is best placed to make the most effective decisions about their lives?

The concepts of localism and subsidiarity can take many forms. They have a long history in the US, for instance, from the balance of power between federal and state governments, to town hall meetings which are able to decide on a range of important local issues. In many countries the idea of local power ranges from, for instance, the support of local production and consumption of goods (such as the rise of 'farmers markets') to the pressure from many regions to run their own affairs (such as Scottish devolution). The internet has only exacerbated this trend with people's ability to make connections based on shared interests wherever they are, and to form instant pressure groups to react to any perceived transgressions from governments or business.

It goes to the heart of transactional analysis discussed in the last chapter, where traditional parent-child relationships, such as

centralised ‘command-and-control’ leadership, are being replaced by a more adult-adult approach. Empowered colleagues (who are also empowered citizens and customers) are trusted to do the right thing within the overall purpose and direction of the enterprise.

If you look back to the history of leadership theory in Chapter 1, you will see how closely this resonates with the move away from the ‘heroic’ leader to a more distributed style of leadership. It reflects the need to create organisations that can nimbly adapt to changing conditions at all market touch points while retaining strong core processes. It is helpful to see the type of organisation we need to become going forward as a ‘complex adaptive system’, which is able to survive and flourish in fast-changing and uncertain environments by adapting quickly to changing circumstances to survive. This sort of system is able to deal with changes as they occur, but in a coordinated way. We can describe this as an ‘intelligent hierarchy’, where a leader, or group of leaders, uses the skills and expertise within the business to best effect through distributing the leadership role in a systematic and mindful way to create more intelligent functioning across the business.⁵

Dr Mary Uhl-Bien, an influential management writer on complexity leadership, relational leadership and followership, has identified three functions of leadership that are helpful in understanding devolved decision making: the administrative, the adaptive and the enabling.⁶ When these functions are combined effectively, they create balance in the organisation so that it can succeed in unpredictable and constantly changing environments.

- **The administrative function** is associated with the bureaucratic elements of the organisation and reflects traditional management processes and functions aimed at driving business results. According to Uhl-Bien, this function recognises that although organisations are bureaucracies, they don’t have to be bureaucratic. Having a strong sense of purpose, direction and a clear operating model are part of this function.
- **The adaptive function** describes the informal leadership process that occurs when people and teams work together to

generate and implement novel solutions to organisational challenges. This is often at the edge of the organisation, closest to its customers and competitors, where local decisions can make the difference between success and failure.

- **The enabling function** – because the first two functions work in dynamic tension with each other, there is an important role for this third function. It balances the need for a strong core with the need to stimulate innovation, creativity, responsiveness and learning to manage continuous adaptation to change. As those further away from the senior level gain more power to make decisions, it is up to leaders to enable those people to make great decisions while ensuring that the overall process remains consistent.

It is helpful to consider in which functions your business is strong or less strong. If it has strong processes and controls in place, and clear alignment across the business with your overall strategic direction, it is likely to be strong on the administrative function. If it has high levels of local innovation, customer service and entrepreneurial flair, it is likely to be strong on the adaptive function. If it is strong on one of these but not on the other, the likelihood is that it will not be strong on the enabling function, which has the role of maintaining a healthy culture that can balance the need for a strong core with a locally adaptive periphery.

Interestingly, in the research conducted by Ipsos MORI and Cirrus in 2015 (see Chapter 3), the priority CEOs gave to the connected leadership factor of devolved decision making was the lowest compared with the other four. The tension is obvious: while CEOs may recognise the value in principle of leading an organisation that operates with an empowered culture, where people are able to do what's best for the customers within the framework of direction, purpose and values, their preference is for decisions to be mandated from the top to ensure control and the assurance of consistent execution. But the subsequent lag in action can cause reduced agility and tends towards increased bureaucracy.

While some businesses might argue that economies of scale dictate a more rigid approach – fast-food franchises, for example, to

ensure consistency of customer service – to me this is about creating an environment in which organisations can be agile, customer-centric and responsive to local markets in the increasingly volatile world in which we operate. Leaders can create a culture where people are able to make the appropriate decisions on a consistent basis taking into account local conditions within the context of the overriding aims and values.

This also has a considerable impact on levels of employee engagement, the importance of which has been studied since the 1920s, as well as in reverse, whereby engaged colleagues are more likely to feel empowered and make sound decisions in the best interests of the business. Studies have consistently found a strong correlation between employee attitudes in the workplace and performance. The Institute for Employment Studies (IES)⁷ states that the definition of employee engagement is ‘a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement which requires a two-way relationship between employer and employee’.

According to the IES, the strongest driver of employee engagement is a sense of feeling valued and involved, which can be influenced by an employee’s development, their relationship with their manager, the communications they receive, how fairly they feel treated and their involvement in decision making.

The beneficial effect of employee engagement

The benefits to the organisation of high levels of employee engagement include improvements to financial performance, customer loyalty and employee productivity. In one study of financial performance,⁸ Towers Watson looked at 50 global companies over a one-year period, correlating employee engagement levels with financial results. The companies with high employee engagement had a 19 per cent increase in operating income and an almost 28 per cent increase in earnings per share.

In the authoritative and widely researched MacLeod Report, 'Engaging for success', carried out for the UK government and published in 2009, the authors concluded definitively that many of the drivers of and barriers to engagement appeared to be closely related to effective leadership.⁹

2 Agreeing the structure of decision making

It is important to provide a clearly understood framework within which you can empower people. Decentralisation with a *laissez-faire* style of management can have serious drawbacks, such as duplication of resources, lack of cost control, decisions not in line with the company's strategic direction and inconsistency of execution. The clearer you are about the direction and purpose and the values, the more you can give colleagues the flexibility to use their own judgement, safe in the knowledge that they will do the right thing because they are well aware of the wider mission.

In one international business with which I worked, there was much discussion about the benefits of empowerment, both with senior leaders and with the HR team, but actually putting it into practice proved too big a challenge. What I observed was a senior team who prized control over the business more highly than the potential performance benefits of creating a culture of empowerment. The CEO actually admitted that he had achieved success by trusting himself to get things done and that he found it hard to delegate decision making more widely across the business. The result was a more compliant, less nimble organisation.

It certainly takes time and persistence to create the environment where people are confident to take on the increased responsibility and for some perceived risk that comes with empowerment. In a global multi-brand business I worked with, the chief executive was determined to shift to a more distributed approach to decision making along the lines of the 'intelligent hierarchy' mentioned earlier. He worked hard to engage his senior colleagues to get more involved in determining the strategic direction of the business by encouraging increased dialogue between leaders of

the brands and support functions to achieve more ‘joined-up’ thinking and decision making. At the same time he strongly reinforced the fact that the purpose and values were not negotiable. The senior team then involved more and more tiers of colleagues in defining where there were opportunities for more devolved decision making, building their confidence in the process as they went. Creating the right mindset across the business gradually resulted in increasing maturity and higher quality of decisions being made in areas as diverse as product development, IT systems and market development.

The military understands this need to find the right balance between central control and local decision making, based on ‘mission command’. Officers in the field need the freedom to act within a framework set by the generals in advance, based on clarity of mission and the acceptable parameters of flexibility. This is in accord with the principles first espoused by the founder of what became total quality management, W. Edwards Deming. After studying what had happened to Japanese industry after the Second World War and how it was able to emerge from the devastation with such success, he noted the autonomy that employees on production lines enjoyed. If they found something wrong, they were able to stop the line and fix it. In both the military and Japanese business the balance between a highly efficient central administrative function and highly devolved decision making in areas where local judgement was required created a powerful and flexible organisation that could cope better with a highly unpredictable environment.

The role of organisational structure

Organisational structure as such is not necessarily an indicator of a more or less devolved leadership style. What looks like a rigid hierarchy could be one that is nevertheless highly empowered, while one with wider spans of control could still operate in a more centralised way with little discretion given to front-line staff. Having a particular structure that supports a more joined-up approach is more of an enabler than a driver. The

key thing to bear in mind is that structure and strategy need to be aligned.¹⁰ The more your strategy requires adaptation to changing market circumstances such as competitive innovation, technology shifts, varying local consumer patterns and so on, the more your structure needs to embody the principles of empowerment.

If you are trying to evolve to a more empowered environment it's helpful to consider the current lines of command. Where power is concentrated, for example, there could very well be managerial roadblocks when trying to devolve or share decision making. In one organisation I researched there were powerful unit heads who ran largely independent divisions, each in their preferred way. These 'fiefdoms' became a power bottleneck and devolved decision making did not go much beyond these heads until the CEO intervened and required a shift in approach. Two of the unit heads eventually decided to leave as they believed in a different, more controlling approach to management. Fortunately there was agreement among the rest of the senior team about how decision making should be devolved and that they wanted to build a more connected organisation able to adapt in a concerted way. This experience reveals the importance of mindset and how having a shared mindset at senior levels is a necessary pre-requisite to moving towards a more empowered type of organisation.

3 Providing effective management information

As I have stressed, devolving decision making takes real commitment. You need to decide just what information colleagues require to make effective decisions and provide it in an easily understood format. You also need to support them with coaching and regular feedback so that they develop the confidence and competence to make effective decisions, rather than letting them sink or swim. There can be a temptation for you to jump in when problems arise further down the line, which can invalidate the process of devolving decisions as it undermines the position you have created for those who are empowered.

How do you decide just what information should be shared and what kept central? My first observation is that more transparency and sharing of information is generally a good thing. In a connected organisation people are treated with respect and trusted to use information wisely. I have seen various reasons given for keeping sensitive company information secret, including the risk of it leaking to competitors (who might use it against you) or customers (who might feel aggrieved at the margins being made, for example), the notion that a family-owned business must keep most information confidential, and the idea that too much information may destabilise people if it is not always good news. I have also consistently seen great benefits in companies where information has been shared openly with colleagues, including people being able to make more informed decisions based on good data and feeling more trusted and involved, which tends to mean they are more likely to take ownership for outcomes.

So in deciding on levels of disclosure I would encourage you to be generous. The precise way you structure management information needs to consist of the following elements:

- Deciding what and how much information – e.g. financial, business intelligence, marketing, customer measures – so it can be shared to give as many people as possible access to information that is relevant for their role and for their understanding of how the business is performing.
- Deciding how to share information to make it relevant to people's context and easy to interpret and use in decision making.
- Establishing a comprehensive monitoring and feedback system to ensure best results, sharing of insight and intelligent use of information in the best interests of the business, your customers and your colleagues.

It may be helpful to experiment with more disclosure and to get feedback from people about whether the information is useful and valued. You can explore with people what level, frequency and format of information is helpful and how to improve this

over time. It is helpful to bear in mind that transparency helps build connectivity and at the same time too much or irrelevant levels of detail can be counter-productive.

Your role as leader

As a leader there are three particular ways you can assist the transition towards a more devolved approach to decision making. First, creating a climate of trust so that people feel safe to take risks. Second, having robust processes in place helps to retain the administrative strength of the whole business. The third way is through building capability among your colleagues so that they are well equipped to make intelligent decisions in the best interest of the business as a whole.

1 Create a climate of trust

The way you as the leader create this climate of empowerment for both individuals and teams is likely to have a significant impact on the extent to which you can successfully make the transition to a more connected way of working. This is as much about culture as it is about the decision-making process itself. Trying to encourage a more experimental, more risk-taking, more entrepreneurial environment, where people can try things out and fail, doesn't work if everything is controlled centrally and people are punished if they get it wrong. You need to put in place a well-planned and carefully managed approach to set people up for success.

Many leaders struggle with this. As writer, marketer and speaker Kevin Daum argues in an article for *Inc.*, if it was that easy, everyone would do it.¹¹ His eight tips for a more empowered culture are summarised here:

- 1 **Ensure that communications are open and not just top-down.** Give colleagues structured ways to convey their thoughts, feelings and observations.
- 2 **Reward self-improvement.** Leaders need to help their colleagues to grow and develop. Money spent on management

and personal development training will be just as incentivising as promotion and pay rises.

- 3 **Encourage safe failure.** Many colleagues are, by their nature, averse to risk. Causing them to feel they need to be constantly looking over their shoulder or trying to second-guess your views will only exacerbate this. Give colleagues the opportunity to try things in a new way – but one that doesn't potentially harm the business.
- 4 **Provide plenty of context.** Leaders need to learn to share relevant information. Colleagues can't possibly take action and make good decisions if they don't make sure people know what they need to know when they need to know it. This needs to be set in the context of the shared purpose and direction.
- 5 **Clearly define roles.** People who don't know what they are supposed to do unsurprisingly don't do it very well. They also need to appreciate boundaries and parameters within which they can operate. Roles and responsibilities have to be made plain.
- 6 **Require accountability.** People need to know when they are meeting expectations and when they are not. They have to understand the consequences of failure to maintain accountability. They also have to see that others are being held to the same standards.
- 7 **Support their independence.** Give people a chance to stretch out on their own and even lead others. Letting them make mistakes will build up their confidence and sense of empowerment.
- 8 **Appreciate their efforts.** It's well known that money is rarely the main motivation for people to do a good job. They want to feel appreciated. Saying 'thank you' is a simple but effective way to make people feel valued.

The ability to show appreciation plays an important role in encouraging people to take decisions. To be effective, the recognition needs to be given as soon as possible after the desired

behaviour or achievement. I would also emphasise Daum's third point above, about creating the sense that it is safe to fail, and that failing fast and learning from it is better than persisting with failing projects or repeating mistakes through lack of review. If you want people to take responsibility and make decisions you need to provide the psychological security that it is safe for them to do so, whatever the outcome. This means being clear about your appetite for risk in each context and coaching people to make appropriate judgements about the level of risk in each decision.

Making a difference

'In an environment where there is a shared vision of excellence, where people can be the best that they can be on a daily basis, where they know what is expected of them and believe they can make a difference because they will be heard, they will make a difference. They will go beyond our expectations and great things will start to happen.'

Frederick Smith, CEO, FedEx

2 Develop robust process

Decide who makes the decisions

You cannot hope to achieve empowerment and hence agility without devolving power. Good decision making depends on assigning clear and specific roles and being clear about who has the responsibility for which decisions – who has the decision rights. This sounds simple, but many organisations struggle to make quick decisions because lots of people think they are accountable – or no one does. In one organisation I see people with their diaries full of meetings, many of which they don't really need to attend but they do anyway because they want to be involved in the decisions taken. There is a lack of clarity on who is responsible for any particular decision, so the net result is many people having a share in it.

It is helpful to consider the decisions you or your leadership team currently make and to determine which of these it is important that you make. If you stick to the principle that you should make only the decisions only you can make it may be that some of your current decisions are better made by others. I find that boards and senior leadership teams tend to make or be involved in too many decisions and that they have considerable scope to push decisions back into the organisation to where there are people with more expertise, time or responsibility to make these decisions. It can be quite difficult for senior teams or individuals to let go of decisions that they have been involved in for a long time, and it can be equally difficult not to take them back again at the first sign of a problem. But if you can push decisions back to the people who are best able to make them, and coach and support these people so that they make decisions in a way that gives you comfort, then you will have kick-started a more empowered approach and given yourself more time to concentrate on the decisions only you can make.

Try listing the decisions in which you are involved or which you take and tick the ones that do not need to be taken by you. Now place a name against each of the ticks to identify who is better placed to take each decision.

The RAPID technique

One technique we have used successfully is called RAPID. Adapted from Rogers and Blenko in *Harvard Business Review*, it gives leaders a method of assigning roles and involving the relevant people.¹² The key is to be clear who has input, who gets to decide and who gets it done.

The letters correspond to five critical decision-making roles:

- **Recommend.** People in this role are responsible for making a proposal, gathering input and providing the right data and analysis to make a sensible decision in a timely fashion. Recommenders consult with the people who provide input, building buy-in along the way. Recommenders

must have analytical skills, common sense and know the organisation well.

- **Agree.** Individuals in this role have veto power – yes or no – over the recommendation. Exercising the veto can trigger a debate between themselves and the recommenders, which should lead to a modified proposal. If that takes too long, or if the two parties simply cannot agree, they can escalate the issue to the person who has the ‘D’.
- **Perform.** Once a decision is made, a person or group of people will be responsible for executing it. In some instances the people responsible for implementing a decision are the same people who recommend it.
- **Input.** These people are consulted on the decision. Because the people who provide input are typically involved in implementation, recommenders have a strong interest in taking their advice seriously. No input is binding, but this shouldn’t undermine its importance. If the right people are not involved (and therefore motivated), the decision is far more likely to falter during execution.
- **Decide.** The person with the ‘D’ is the formal decision maker. They are ultimately accountable for the decision, for better or worse. They have the authority to resolve any impasse in the decision-making process and to commit the organisation to action.

Balanced decision-making process

Writing down the roles and assigning accountability are essential steps, but good decision making also requires the right process. Too many rules can cause the process to slow down, which creates bureaucratic ways of working and reduced agility. Problems in decision making can often be traced back to one of three trouble spots:

- lack of clarity over who has the ‘D’
- too many people in each role
- too many sources of input.

So it is helpful to ensure that the decision process is kept as simple and as balanced as possible. A helpful way to achieve a balanced decision-making process is to use a matrix that reflects the main factors you need to consider in the decision. These are likely to include the factors in Figure 7.1.

Principles or values	Process or rules
Your values need to be a key reference for decision making across the organisation	The process or factors relating to regulation or other mandatory considerations need to be covered appropriately
People	Profit or commercial
The impact of the decision on the people involved or affected needs to be taken on board in the decision process	The commercial impact of decisions, such as return on investment, needs to be a key factor, but not out of kilter with the others here

figure 7.1 Balanced decision-making matrix

Using this sort of matrix can protect you against excesses in any particular direction, whether it is people becoming too focused on the process and rules, or too concerned about the commercial implications without considering the effect of decisions on people and your culture.

3 Build capability

One of the pre-requisites for the introduction of connected leadership is capable managers who are able to take responsibility and to exercise it effectively. I would recommend you employ a systematic approach to building this capability across your management population to ensure it is in place consistently. It is also helpful to have a shared language. A technique you may find helpful is called ‘stretch-coach-review’, which gives leaders a constructive framework to apply devolved decision making through having the right conversations at the right time.

a) Stretch conversations

A 'stretch' conversation taps into discretionary effort by inspiring someone to commit to stretching performance goals that are aligned with the business strategy. Stretch conversations include:

- providing strategic clarity and direction
- agreeing expectations for performance
- analysing performance in relation to strengths, improvement areas and opportunities
- applying the principles of SMART objectives (specific, measurable, aligned, realistic and time-bound)
- looking for stretch opportunities that grow the business and its people.

How do you use 'stretch' conversations in practice? First, you need to prepare and set the conversation in the organisational context and strategy. Consider the motivation and ability of the person with whom you are speaking and ask yourself: do you really know what they are capable of and what they aspire to achieve? Do you know what really motivates them, their interests and values? Consider what you need to share with the individual and how you can challenge them to stretch themselves in line with your business goals. As Victor Hugo said: 'There is nothing like a dream to create the future.'¹³

b) Coaching conversations

Coaching is the application of incisive questions that enable people to think for themselves and unlock their potential to maximise their performance. Coaching conversations are a purposeful two-way, adult-to-adult dialogue set in the context of a relationship based on trust. Through asking great questions you are seeking to develop increased levels of accountability and ownership in the other person or people. Coaching often includes diagnosing issues together and using collaborative problem solving to agree an appropriate course of action. Effective coaching conversations build self-belief, confidence and commitment in other people.

You can carry out coaching conversations whenever you are enabling someone to achieve their goals. What is the goal they have set out to achieve? Are they focused on the right priorities? Consider how you can help them to make sense of what is going on and to decide upon a clear and decisive course of action in the direction of their goal.

It is helpful for managers to realise that there are two very different reasons to coach: either to see an improvement in performance (performance coaching) or to expand someone's capability to do new things (development coaching). Performance coaching can be quite directive about the issue, but it can also give quick results. It is often about helping people to make sense of what is going on, to identify options and to make an effective decision about which one to take. Sometimes you may need to adopt a commitment style ('what I need from you is . . .') when there is a performance issue and you need the person involved to step up to making more informed and effective decisions. It often involves clear and unambiguous statements of what you require from a colleague in terms of performance, behaviour, attitude or commitment, followed by a conversation about what these requirement(s) mean in terms of their priorities and actions.

Development coaching, meanwhile, often is a more drawn-out and exploratory discussion. It is worth checking with yourself that you are investing time and energy into development coaching with the talent in your care, in order to accelerate their effectiveness and progress through the organisation. The more they can be involved in strategic decisions, for example, the more experience they will gain that will build capability for the future. Because development is typically in areas where the person has less experience or knowledge, you will sometimes need to give knowledge input to ensure they are able to participate effectively.

c) Review conversations

The review conversation involves you appraising with another person their progress and achievement in relation to objectives and goals. It creates opportunities to celebrate success, give and

receive feedback, identify gaps, highlight learning and accommodate changing business priorities. Review conversations include:

- jointly reviewing quantitative and qualitative performance data
- giving frequent and specific feedback with respect
- balancing you pushing for more achievement and pulling from them more ambition
- adjusting objectives to changing business priorities
- recognising and celebrating success.

Take an opportunity to reflect ahead of these conversations. It is helpful to know what a ‘good’ outcome from the conversation would look like for you both. Prepare balanced feedback considering what has gone well with decision making and what has not gone so well, plus feedback from other stakeholders where appropriate. As you consider the next steps it can be motivating to consider together what this achievement now makes possible.

In extreme cases of underperformance the person may need the ‘tough love’ style, which is an approach where you need to be tough on someone in the short term in order to do right by them in the longer term. You might need to suggest a change to someone’s role or levels of decision-making responsibility if they are currently not able to deliver so that they have the opportunity to improve. Or you might need to get someone to refocus their career ambitions if they are clearly going to be frustrated trying to achieve the current goals. Either way, it’s important in such conversations to maintain respect and dignity for the other person.

case study

Devolved decision making in action at Zara

A great example of connected leadership in action is Spanish fashion chain Zara, part of Inditex, the world’s largest clothes retailer. Founded in 1975, Zara has 6,500 stores in 88 countries worldwide. It employs 120,000 people. The company has become renowned for its agility and customer-centric business model based on its powerful combination of

highly centralised systems and devolved decision making. As founder Amancio Ortega has been quoted as saying: 'You need to have five fingers touching the factory and five touching the customer.'

Devolved decision making

Local store managers enjoy a high degree of decision-making autonomy, which enables them to respond to the needs of customers in different areas. They are supported by in-house logistics and distribution channels set up to deliver products to stores and to customers quickly. A trailblazer of the 'fast fashion' movement, Zara can have a new garment in store just two weeks after it has been designed.

At store level, managers are empowered to make decisions close to the customer, helped by the most up-to-date digital technology. Managers receive a detailed sales and replenishment report every hour on a hand-held device. This valuable information enables them to order and receive clothes twice a week based on what they know local customers want. This supply chain excellence, with the organisational ability to deliver new clothes to stores swiftly and in small batches, is a source of significant competitive advantage.

Central coordination

Back at Zara HQ, the information about what's selling is received across highly coordinated design, marketing, buying, production and planning teams. This enables further fast decision making – what to produce more of, what to withdraw, what trends are emerging now. Whereas many fashion retailers aim to predict what customers will want to wear months in advance, Zara utilises local store feedback and technology to observe what is selling well (and what isn't) in real time and continuously adjusts design and production.

While Zara's leaders have maintained that this speed and responsiveness are a higher business priority than costs, the strategy is so successful that the retailer is one of the most cost-efficient in the market. Because Zara can design and produce new garments so quickly, and in limited quantities, it collects an average 85 per cent of the full ticket price on its clothing, whereas the industry average

► is 60–70 per cent. Constant new stock in small batches also attracts more customers more often into stores and online to the website.

The result is that the retailer can save significantly on advertising. It spends just 0.3 per cent of its sales on advertising, compared with an industry average of 3–4 per cent. In addition, its expenditure on IT is less than a quarter of the industry average.

A collaborative ethos

All of this is built on a strong culture of collaboration, which analysts attribute to helping the retailer become one of the few beneficiaries of the ongoing, rapid channel shift to online from store-based apparel. This is helped by a lack of hierarchy. Formal job titles are avoided, while Zara consciously hires candidates who can work in a team and links individual bonuses to team success. At Zara HQ, an open-plan environment makes it easy for teams to network with each other, something that is actively encouraged.

Questions to ask yourself

Here are some questions to help you take stock before moving on. As ever, please make some notes for future reference.

- How comfortable are you trusting others to make decisions?
- How can you increase this level of comfort?
- What decisions can only you and your leadership team make?
- What decisions can you therefore delegate to others?

Connected leader's checklist

1. Devolving decisions closer to the customer increases your business's ability to deliver a great customer experience and its overall agility.
2. Doing so with a clear freedom framework in place gives you confidence that people understand the mission you are all

seeking to achieve and the values that define how you want to achieve it.

3. You need to create a culture where your colleagues feel confident and competent to take decisions. By giving them the process, information and coaching support you can enable them to make those decisions well.

Notes

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Encouraging collaborative achievement

Achieving results through having high levels of collaboration based on team working, stakeholder engagement and multi-team collaboration is one of the main drivers of the connected organisation. In this chapter we examine how to maximise this more open and fluid style of working across organisational boundaries to achieve efficient and effective end-to-end processes.

We consider:

- why great teams outperform individual efforts, particularly when there is collaboration among teams
- how to create the right climate of collaboration by emphasising mutual respect and influence
- active team management
- encouraging a culture of collaboration.

Breaking down barriers

Jada was the head of HR for a major fashion retailer with multiple brands in its portfolio. The company had been an Australian institution for nearly half a century but recently it was struggling financially. The senior management team couldn't understand it. The company had followed other retailers by going online, it had improved delivery efficiency and had even brought in top

designers to create clothing that was on-trend and upmarket. But the number of repeat customers was dropping, and fast.

Jada knew that the business just wasn't collaborative enough. There was a lack of shared knowledge and understanding across functions and the silo mentality was strong. If someone further down the supply chain wanted to speak to someone in design, for example, it would be difficult for them to understand each other's opinions, so different were their separate experiences of the same company.

The company was also slow to market. There were fashion retailers now with new product development process times of as little as two weeks, from concept to the shop floor. It was a difficult time for any retailer, but especially one whose new product process took six months at best.

Jada realised that the company urgently had to rethink its strategic approach to collaboration and team working across all the brands and business units from the top down. The supply chain needed to be speeded up and barriers to a more collaborative way of working had to be broken down.

Why collaboration counts

It has been proven time and again that great teams outperform collections of talented individuals because collaboration knits the individuals together in the shared pursuit of the team's goal.¹ When teams are empowered to operate and cooperate with other teams across processes and break through bureaucratic silos, pronounced performance improvements are common. Built on the foundations of quality dialogue and mutual influence, teams can produce new answers to old problems and innovative ways to serve the customer even better by adapting quickly to changing circumstances.

According to Katzenbach and Smith, studies of team performance in more than 30 companies showed that members of high-performing teams share a meaningful purpose and experience high

levels of commitment and satisfaction from being part of and working with the team.² They work well together in an integrated way, while there is a high level of awareness and appreciation of each person's individual strengths and complementary skills. In addition, the team shows a high capability for solving its own problems, there is mutual accountability and a willingness to act and, most importantly, the team produces quality results.

This echoes Belbin's research, which showed that effective teams consistently outperformed groups of talented individuals in a range of tests and activities.³ Each successful team had a blend of different personal styles and skills which were complementary and aligned with the shared purpose and direction. The talented individuals, by contrast, competed with and failed to listen to each other, resulting in sub-optimal performance overall.

A collaborative ethos encourages people to work together, not just by playing their appropriate role within a team but by working with colleagues across business units, brands and functions. This aligns the decision-making process across the business. Increased levels of collaboration support distributed influence and vice versa. As members of the organisation build more capability to work together across boundaries, combined with devolved power to accelerate decisions and actions (as discussed in the previous chapter), the organisation becomes more agile and tends to achieve more.

Understanding the different stages of team formation

In their key work, *The Wisdom of Teams*, Katzenbach and Smith charted what they describe as the team performance curve, which shows the gradual stages in the growth of teams as they move from a straightforward working group to a fully fledged high-performance team.⁴

The working group. This is a group for which there is no significant incremental performance need or opportunity that would require it to become a team. The members interact primarily to share information, best practices or perspectives and

to make decisions to help each individual perform within their area of responsibility.

Pseudo-team. This is a group for which there could be a significant, incremental performance need or opportunity, but it has not focused on collective performance and is not really trying to achieve it. It has no interest in shaping a common purpose or set of performance goals, even though it may call itself a team. Pseudo-teams are the weakest of all groups in terms of performance impact.

Potential team. This is a group for which there is a significant, incremental performance need and that really is trying to improve its performance. Typically, however, it requires more clarity about purpose, goals or work products and more discipline in hammering out a common working approach. It has not yet established collective accountability.

Real team. This is a small number of people with complementary skills who are equally committed to a common purpose, goals and working approach for which they hold themselves mutually accountable.

High-performance team. This is a group that meets all the conditions of real teams and has members who are also deeply committed to each other's personal growth and success. That commitment usually transcends the team. The high-performance team significantly outperforms all other like teams and outperforms all reasonable expectations given its membership.

In the case of a global consumer goods company I worked with, the CEO set up a global leadership team representing all the main businesses and functions across the organisation to increase levels of shared influence and collaboration throughout the organisation. This forum became the role model for collaborative working, with brand groups working together and functions and brands developing joint business plans. Through this process the business has become more agile and able to share scarce resources more effectively, as well as being more responsive to local markets.

While developing high-performance teams is a big step in establishing a more collaborative culture, it is the extent to which they are encouraged to operate interdependently across the business that can unite the organisation in pursuit of shared goals and have a significant impact on performance.

A particular leadership challenge has emerged over the last few years as teams have become more virtual, spread across locations and time zones rather than being co-located. A study by management consulting firm McKinsey in 2006 found that 80 per cent of the executives surveyed said that effective coordination across product, functional and geographic lines was crucial for growth.⁵ Yet only 25 per cent described their organisations as ‘effective’ in sharing knowledge across boundaries. This was despite spending heavily on collaborative software. Technology alone is rarely the answer, but it can provide a platform for collaboration if the human aspects of team working are in place. In both Xerox and Shell, engineering communities of practice across widely dispersed locations used technology to share learning in order to improve engineering performance. The results were significant gains in engineer efficiency and increased levels of collaboration among the engineers in areas as diverse as time to fix photocopiers (in Xerox) and oil exploration drilling efficiency (in Shell).

In order to make virtual teams and collaboration work in practice you need to work hard at communicating, having an explicit purpose for meetings and communications to highlight their relevance, and seek to combine virtual working with face-to-face meetings and team events.

The human desire for community

The ability of the team to achieve more than the sum of its parts is rooted in the basic human desire for community. It explains the altruism and identification with goals which often connect people who join localist initiatives. The World Health Organization’s definition of community below is a helpful insight that organisations need to operate ‘with the grain’ of human aspiration

and motivation rather than through an outmoded command-and-control model.⁶

“Community empowerment” refers to the process of enabling communities to increase control over their lives. Communities are groups of people that may or may not be spatially connected, but who share common interests, concerns or identities. These communities could be local, national or international, with specific or broad interests.

“Empowerment” refers to the process by which people gain control over the factors and decisions that shape their lives. It is the process by which they increase their assets and attributes and build capacities to gain access, partners, networks and/or a voice, in order to gain control. ‘Enabling’ implies that people cannot be empowered by others; they can only empower themselves by acquiring more of power’s different forms.⁷ It assumes that people are their own assets and the role of the external agent is to catalyse, facilitate or ‘accompany’ the community in acquiring power.’

The key thrust of this definition is that people can only empower themselves and that the role of the external agent (the leader) is to catalyse and facilitate the community in acquiring power. This links together the discussion in Chapter 7 about empowerment and the current discussion about collaboration across communities.

Organisational level

At the organisational level, in order to create collaborative achievement as a distinctive part of your company, first you need to create the right climate, second you need to invest in building strong teams and inter-team working and third you need to ensure that all teams are working for the greater good.

1 Creating the right collaborative climate

Collaboration accelerates organisational performance by knitting together business units and functions in pursuit of the direction and purpose, based on shared values and in an atmosphere

of mutual influence. This optimises the performance of end-to-end processes so that they are as efficient and seamless as possible. It also orients the whole organisation towards the customer as the consumer of the value created by the various stages in the process.

At Zara, the local consumers' buying patterns in Mumbai or Madrid, as reported by the store manager and their team every day, determine the product ordering and production priorities for the business. It is hard-wired into how the business operates, with a powerful combination of human collaboration, systems and processes creating a joined up and customer-centric business model. To accomplish this, everyone has to understand why they are doing what they are doing within the framework of the strategic purpose and direction. This higher-order understanding then guides what they do and every decision they take, as at Zara, while rewarding collaborative ways of working optimises team performance. For example, if people are clear that they are being rewarded for achieving certain outcomes that are in the best interests of the customer rather than fulfilling individual objectives which may not be consistent with the wider goals, they will act accordingly.

The flip side of this collaborative climate is an intolerance of behaviour that is counter-productive to creating the right environment. Strong teams do not tolerate disruptive individualistic behaviour. I remember Matthew Pinsent, the British multiple Olympic gold-medal-winning rower, describing the way the rowers in the crew held very direct, even brutal, post mortems after each training session to identify how to make the boat go faster. They were very specific and totally honest in expressing their views to each other about what worked and didn't work. But they never took it personally, he assured me, as they had absolute faith that each crew member spoke only with the motivation to help the team to improve. The resulting gold medals speak for themselves.

Overcoming resistance from organisational silos is one of the main barriers to collaboration. As we saw in the previous section, human beings have a natural desire to be part of a community.

This can, however, translate into tribal loyalties and behaviour, with an ‘us and them’ mentality present in functions or business units that have a stronger identification with their own unit than with the wider organisation. The leader’s role is to tackle this by drawing these local ‘tribes’ into the wider community of the organisation through creating sufficient momentum behind the shared direction, purpose and values – telling the story well and developing with people a shared sense of identity.

Organisational experts Drs Kevin and Jackie Freiberg offer a number of reasons why these tribes can become so prevalent in organisational settings, to the point where tribal loyalty supersedes any allegiance towards the organisation:⁸

- Tribes are a tool for self-preservation.
- Tribes provide identity.
- Tribes create emotional ties in a world where people have a deep need for belonging.
- Tribes are anchors, places people can call home; they provide safety and security.
- Tribal pride usually causes members to think their ideas and practices are superior.
- People are typically motivated by self-interest first, then allegiance to their tribe and finally loyalty to the common good of the larger organisation or community.

To break down these walls, they argue, you first have to understand just why the tribe exists by examining what they do, how they get things done, who benefits from them and so on. You are then in a better position to start finding ways to encourage a more collaborative mindset by getting them to buy into the organisational narrative instead.

This narrative should make it plain just what the fruits of collaboration are, such as the creation of new or improved services, better financial management and performance, competitive advantage, knowledge, good practice and information sharing, the ability to replicate success, better coordination of organisational activities

and a more mutually supportive culture. You need to create a clear focus on the bigger picture, backed up by supportive relationships and agreed mutual benefits from a collaborative approach.

2 Build strong teams and strong inter-team working

One of the models we use in helping organisations develop more collaborative ways of working is the seven-stage Drexler-Sibbet team performance model.⁹ This can help you negotiate your way through the transition to an improved team-based and collaborative mentality.

- 1 **Orientation: why am I here?** When teams are forming everyone wonders why they are here, how they might fit in and whether others will accept them. They need to know about purpose, team identity and feel a sense of membership. Problems emerge if there is any confusion about the purpose, any uncertainties about direction and any fear of failure or the unknown.
- 2 **Trust building: who are you?** Next, people want to know with whom they will be working and their expectations, agendas and areas of competence. Establishing bonds of trust is essential. It is helpful to encourage mutual regard, being open and forthright and feeling that they can rely on each other. Signs of danger include overly cautious behaviour, mistrust or not saying what they really think.
- 3 **Goal clarification: what are we doing?** The team's more concrete work begins with clarity about goals, basic assumptions and vision. This includes setting milestones and measures of progress. Key to success is making assumptions explicit, with specific goals and a shared vision. Signs of unresolved concerns include apathy, scepticism and pointless squabbling or game-playing.
- 4 **Commitment: how will we do it?** This is a pivotal stage in the team's development. Decisions need to be made about how resources will be allocated, timing, who is responsible for what and how decisions will be made. The crux of this stage is

a genuine commitment by team members to what the team is focused on achieving. Any lack of commitment can result in disowning responsibility and leaving decisions to others, or actively resisting progress.

5 Implementation: who does what, when and where?

As the work begins, timing and establishing a sequence of activities are paramount. Action plans with tasks, timings and objectives have to be articulated and followed. The clearer the overall purpose, the more scope there will be for individual creativity. While there are a number of ways to achieve this kind of integration, they all involve the creation of clear processes, alignment of the order of work and disciplined execution. Otherwise problems such as conflict and confusion, non-alignment of activities and missed deadlines can surface.

6 High performance. When methods are mastered, a team can begin to change its goals and respond flexibly to the environment. This can lead to innovative thinking and behaviour and a surpassing of expectations. Team members are encouraged to be spontaneous in their interactions and feel a sense of synergy. Danger signs include taking on too much and being overloaded by commitments.

7 Renewal: why continue? Teams are dynamic. People may get tired and members may change. This is the time to harvest all the knowledge and prepare for a new cycle of action. Keys to renewal include recognition and celebration, learning to be adaptable and finding sources of staying power. This could emerge from revisiting the overriding purpose and taking time to reflect on past progress and future direction.

Understanding the different stages of team formation is important because they each require different leadership involvement to facilitate the team's progress. In addition, some groups will evolve at a steady pace, while others may get stuck at a particular stage. It is helpful for leaders to understand this process in order to behave in the most enabling fashion. Think about your own team and the teams on which you most rely in the business and consider where they are in their evolution. Based on this you can

decide how to support them most effectively to move them along to the next stage. For example, leaders should focus on providing a secure environment by giving appropriate levels of direction and structure in the early stages of developing teams and collaboration, which can be characterised by confusion and uncertainty as well as defining objectives and getting to know each other. As you make progress, tensions can start to rise as people jockey for position and try to negotiate priorities. At this point leaders need to concentrate on facilitating the team discussions, managing conflict constructively and keeping the team or teams focused on their objectives.

It's important but not easy

'Team collaboration is really important. If people are operating in silos, cross-functional alignment won't be good and you won't get the best results. But the reality of running a business is that it can be unaffordable and unrealistic to put in all the extra effort and resources needed to get total alignment.'

Angela Spindler, CEO, N Brown Group plc

As people settle into new ways of working you will see team members finding more ways in which to collaborate with a spirit of respect and camaraderie. Here leaders need to focus on facilitating interpersonal issues, developing acceptable norms of behaviour and strategies for working together, clarifying roles and team structure, and building team spirit and motivation.

When you see a level of maturity in the collaborative ways of working, with people feeling largely settled and focused on the task at hand, the leader needs to allow team members the space to perform, ensure that the necessary resources are available, provide relationship and task support as appropriate, empower team members as necessary and keep an overall view on progress. The leader should provide feedback on performance to both individuals and teams and celebrate successes publicly.

While this approach can establish the groundwork for successful outcomes, unfortunately we don't always have the luxury of time to build up these teams to operate at peak performance. As author and Novartis Professor of Leadership at Harvard Business School Amy Edmondson points out, given today's speed of change, intensity of market competition and the unpredictability of customers' needs and demands, sometimes problems demand swift action.¹⁰ So colleagues are brought together from across disciplines and geographies along with external specialists to achieve a particular goal quickly.

She sees an increasing number of companies in nearly every industry and sector working through what she calls 'teaming', with multiple teams of varying duration and constantly shifting membership pursuing moving targets. This can be a recipe for chaos, with both technical and inter-personal challenges, unless leaders focus on enabling technologies as well as reinforcing a culture that emphasises the direction, the purpose and the shared values so that everyone understands not only what they are doing but why. Yet if you have a clear process in place to support rapid team start-up, based on the stages above, you can get people together quickly and set them up for success to tackle particular issues effectively.

Collaborating in consumer goods

Our client is a large UK-based consumer products manufacturer. In 2012 the company moved from three divisions to two in an attempt to streamline the business. By 2013 it had reorganised this even further into a single unit, which was split into two sections: one was the wholesale production side of the operation and the other was the brands side. Our job was to help the organisation knit together these two sides of the business.

We worked with individuals and teams to help support a new collaborative way of working that would allow cross-functional processes to become more integrated and efficient. This came from two directions: first, we helped develop new behaviours and

new ways of thinking among leaders and managers, and second, the company implemented process integration across the two old divisions. With some hard work and challenging conversations it has been completed successfully.

Cross-functional working was fundamental to this turnaround being a success. It resulted in an organisation that was clear about its strategy, clear about its values and clear about the behaviour of all colleagues. Our initial focus was to create a highly integrated board, so that as a cross-functional team they could be the role model for the new behaviours. There was a significant moment when the CEO changed his position from focusing on the process to focusing on the behaviour. When he realised that what they needed was a shift in mindset, and that the behaviours defined what that meant in practice, he enabled the rest of the business to explore and adopt the behaviours, which in turn made the end-to-end process work in practice.

3 Enabling teams to work for the greater good

Leaders need to be enablers, more often to be the facilitator rather than the provider of orders. The enabling function we looked at in the previous chapter captures the leader's central role in embedding this collaborative approach into the culture and the mindset of the business.

It's worth repeating here the three functions of complexity leadership which can support a move to a more connected way of working.¹¹ The administrative function is about strong core direction, strategy, purpose and values. The adaptive function is about fluid ways of working more in tune with rapidly changing circumstances such as in local markets. The enabling function provides a balance between these two, building a culture of collaboration and mutual respect. When they are combined effectively, they give the organisation the ammunition to weather unpredictable and constantly changing environments.

As a leader you need to provide the enabler function in order to encourage collaboration across all the traditional boundaries

clearly and openly. I would recommend you start with your own team so that you demonstrate what you want from others. Then, by listening and responding, by facilitating collaboration both within and between teams, you can help orchestrate quality dialogue and shared decision making across the rest of the business, in the best interests of the customer and the organisation as opposed to the localised interests of any particular team or function. It means that the organisation takes advantage of the capabilities and strengths of its people while ensuring careful coordination of effort for a common cause. You are no less involved, proactive and causing a change in ways of working than if you were directing operations from an ivory tower. But your focus is on getting people to step up, to work together, to resolve issues in an adult way, to think about the teams that rely on their outputs to do their work. You are the active enabler, not the passive observer.

From senior leaders coaching others to take decisions, through to local leaders encouraging learning and adaptation, these behaviours are about enabling the organisation to operate on the basis of accepting mutual influence, respecting others and making careful decisions that balance the organisation's and the customer's needs.

Finding the cause of conflict

This 'Five Whys' exercise can help you to try to resolve team conflicts. The five basic steps are:

- 1 Gather your team and agree on the problem statement.
- 2 Ask the first 'why' of the team: why is this problem happening? There will probably be three or four sensible answers. Record them all on a flipchart.
- 3 Ask four more successive 'whys', repeating the process for every statement on the sheet. Post each answer near its predecessor. Follow up on all plausible answers and explore them further. You will have identified the root cause of the conflict when asking 'why' yields no further useful information.

- 4 Among the dozen or so answers to the last asked ‘why’ look for systemic causes of the problem. Discuss these and agree what is the most likely systemic cause.
- 5 After settling on the most probable root cause of the problem, develop an action plan as a team to remove the cause and replace it with a more positive way of working.

Note that it is likely that in a team context you will be dealing with interpersonal issues as much as process or system issues, so although this is a logical activity you may need to work with more emotional responses from people, which is fine. Treat everyone’s views with respect and stay in ‘adult’ mode. Putting emotional issues into a problem-solving format such as this can help to separate the behaviours from the personalities involved.

Your role as leader

So what does this imply for how you need to behave as a leader in the process? You need to be the role model collaborator and develop the art of listening in order to establish more respectful ways of working across the business, removing silos through example.

1 Be a collaborator

So what is your role in developing increased levels of collaborative achievement across your organisation? In my experience you will face some frustration as you embark or continue on a journey that is likely to be slower than you’d like if you are to take the majority of the organisation with you. Just as increasing the devolution of decision making requires a shift in culture, so the development of a more collaborative approach to working requires a shift in mindset and practice.

You can’t make people change their mindset – they have to choose to adopt new ways of thinking. What you can do as a leader is to introduce the idea, create opportunities for people to experiment with it in safety, and recognise and validate those

who take risks with the new ways of working. It takes time and patience, as well as a healthy dose of determination, to overcome the cynics and the natural desire to bypass collaboration in favour of getting each particular problem that occurs solved as quickly as you can.

But the rewards for persisting and staying resolute can be impressive. 'Groups with a high level of collective efficacy tend to set high group goals, develop good strategies, experience positive within-group affect, and select appropriate tasks, all of which ultimately enhance group performance', according to research by Gully *et al.*¹² Repeated research into team and collaborative ways of working shows the positive impact on organisational performance and end-to-end process efficiency.¹³ This means you get product to customers quicker, respond to changing market conditions quicker and see costs reduce quicker.

A key lesson I have learned through bitter experience is that your influence is enhanced when you show you are open to influence too. Behaviour begets behaviour, and if you want collaboration and mutual influence to pervade how your business works you need to demonstrate collaboration and being open to influence by others on a regular basis.

Figure 8.1 shows how a collaborative style of leadership differs from command-and-control and consensual leadership. As we seek to build a more connected organisation, with its ability to respond intelligently to external challenges and to work efficiently to drive performance internally, we need to dispense with the old style of retaining a command-and-control position. This was suited to more stable, predictable times when communications were slow and consumers knew less than those on the inside of corporations and governments.

In today's networked society we need a new approach to leadership, one that is connected and in tune with consumers around the world. Consensus cannot provide the answer either, as it is slow and suited to small group working where speed is not a requirement. Only a collaborative, connected approach will

COMPARING THREE STYLES OF LEADERSHIP			
	Command and control	Consensus	Collaborative
Organisational structure	Hierarchy	Matrix or small group	Dispersed, cross-organisational network
Who has the relevant information?	Senior management	Formally designated members or representatives of the relevant geographies and disciplines	Employees at all levels and locations and a variety of external stakeholders
Who has the authority to make final decisions?	The people at the top of the organisation have clear authority	All parties have equal authority	The people leading collaborations have clear authority
What is the basis for accountability and control?	Financial results against plan	Many performance indicators, by function or geography	Performance on achieving shared goals
Where does it work best?	Works well within a defined hierarchy; works poorly for complex organisations and when innovation is important	Works in small teams; works poorly when speed is important	Works well for diverse groups and cross-unit and cross-company work, and when innovation and creativity are critical

figure 8.1 The key attributes of collaborative leadership

Source: Ibarra and Hansen¹⁴

achieve the level of pace and agility we need to compete in today's and tomorrow's markets.

A key characteristic of collaborative leaders is that they are able to look beyond organisational boundaries and take a wider view of their environment. If you can instil in leaders across your business the wider context in which they are operating, with the customer, the supply chain, the actions of competitors and the requirements of regulators, you will have established for them a set of reasons why they need to work effectively across the whole process, collaborating with teams in different business units or

functions in order to deliver for the customer in a way that makes them buy from you rather than anyone else.

The persuasive power of collaboration

Getting people to appreciate the value of collaboration can be quite straightforward, argues Meghan Biro in *Forbes*.¹⁵ Simply ask them to list the five products or services they feel most passionate about: 'The iPhone? Downton Abbey? Pinterest? Kit-Kat bars? Twitter? Got your list? Every single thing on that list was the product of a successful team collaboration. Sure, there may have been some half-crazy genius like Steve Jobs who supplied the leadership inspiration, but inspiration without collaboration is just a lot of great ideas that evaporate into the ether.'

2 The art of listening and showing respect

In a collaborative environment the traditional, 'directed' style of parent to child is counter-productive. Instead you have to learn to listen well, demonstrating respect for others and being open to influence in order to be able to influence others in return. Collaborating skills include:

- finding a combined solution when both parties' concerns are too important to be compromised
- learning, e.g. testing your own assumptions and understanding the views of others
- merging insights from different people with different perspectives on a problem
- gaining commitment by incorporating others' concerns into a decision
- demonstrating a desire to work with other people, especially when you want to build rapport or improve a difficult relationship by gaining trust.

This is about orchestrating a quality of dialogue among the various relevant parties. It is a dialogue that considers all views in the light of the best desired outcome as well as giving individuals a

sense of being listened to. Maintaining this balanced approach in practice requires great communication skills, such as the ability to draw people out and to manage the competing demands of different functional groups.

I recall coaching one senior executive who was very collaborative most of the time, but when there were particular deadlines or the CEO was involved she tended to flip into a ‘parent panic’. She became directive, not listening, reworking the work of her team members and becoming overly critical of everyone around her. It was not a great place to be. It was not helpful, for example, when she overrode the opinions of one of her team with specialist expertise just because she felt he couldn’t see the bigger picture. My work with her focused on helping her to recognise this tendency and then to become able to avoid closed conversations. At its simplest a closed conversation is one where you have a preconceived idea in mind, you have a discussion and then you make a decision in line with where you started. In other words, whoever has the positional power gets their way. With this executive she closed down her team so that they were less proactive as a result and avoided making decisions without checking with her first. As she learned to change the routine she was able to rebuild their trust and their willingness to take some risks, but it took quite a while to get there.

Where she ended up was having more shared conversations, in which she demonstrated an appreciation of what was important and gave everybody the opportunity to weigh up various options in a more collaborative climate. This enabled them all to consider options and make a shared decision based upon achieving the end goal, rather than being driven by fear or the vested interests of what each party wanted or thought they needed from the decision. It led to greater engagement and commitment to the decision by everyone, so it was then more likely to get done, and get done successfully.

In Figure 8.2 we see a summary of the conversation spectrum, with the three levels of conversation, from closed to open to shared. As a connected leader you want to build from open to shared and ultimately have all your conversations at the shared level, where you create meaning together and you all seek the truth.

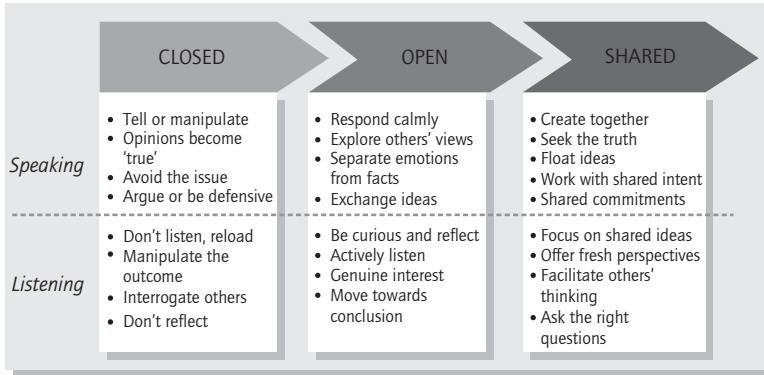


figure 8.2 Connected conversation spectrum

Source: Cirrus

Figure 8.2 shows how to move along the spectrum from closed to open to shared conversations, both in terms of how you speak and how you listen to others. In Figure 8.3 we can see how to move the conversation forward, towards a more shared perspective. Wherever you start you can help to create a more connected conversation by adopting an adult style, seeking a positive outcome and maintaining your emotional balance. Remember that as a leader it is your responsibility to make every conversation in which you take part both positive and purposeful.

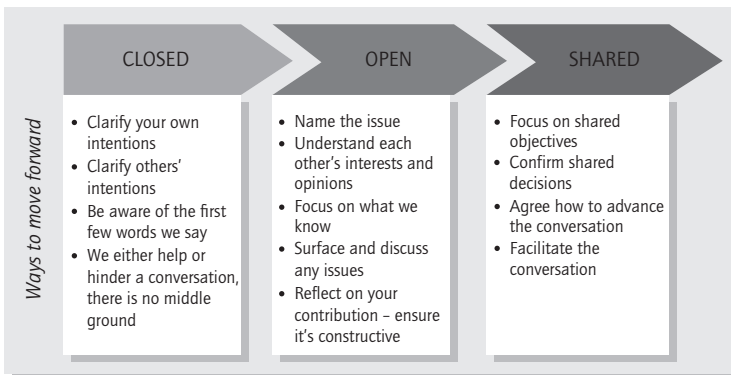


figure 8.3 A guide to creating more connected conversations

Source: Cirrus

Strategic listening from a CEO

Strategic listening is a powerful tool for the engaged leader, as Kevin Sharer, CEO of biotechnology business Amgen, said in an interview in the *McKinsey Quarterly*.¹⁶

‘As a senior executive – particularly if you’re responsible for a big function or division – you operate in a very complicated ecosystem with many sources of information that matter. In your mind, you need a picture of what reality is right now, with the knowledge that the picture is dynamic and ambiguous. That’s why it’s important to focus on what I call strategic listening: a purposeful, multifaceted, time-sensitive listening system that helps you get the signals you need from your ecosystem.

‘You’ve got to seek out these signals actively and use every possible means to receive them. I imagine the individual signals as mosaic tiles of information. No single tile paints the picture – and you never get all the tiles – but by assembling them you get a good idea of what the picture is. My method of gathering the tiles involves regularly visiting with, and listening to, people in the company who don’t necessarily report to me. I also read as much as I possibly can: surveys, operating data, analyst reports, regulatory reports, outside analyses, and so on. I meet with our top ten investors twice a year to listen, and at shareholder conferences I consider the Q&As very important. The key is making yourself open to the possibility that information can and will come from almost anywhere.’

case study

Collaboration at PayPal

Founded in 1998, PayPal has long been at the forefront of the digital payments revolution. Its global platform processed 4 billion payments in 2014 in more than 100 currencies. With 169 million active customer accounts, PayPal has created an open and secure payments ecosystem that people and businesses choose to securely transact with each other online, in stores and on mobile.

PayPal is widely admired as an innovative market leader. The company views collaboration and a focus on people as essential to ongoing innovation. The ability to collaborate is assessed during the recruitment and selection process, and is a focus of ongoing learning and development as well as promotion. PayPal actively builds a culture of collaboration through a balance of structured events and informal networking. There is a continual focus on team working, communication and shared decision making.

Mary Alexander is Senior Director, Human Resources, Europe, the Middle East and Africa at PayPal: 'We operate in a matrixed organisation. Our people need to have compelling communication skills and the ability to form enduring relationships with colleagues over time. When there is a requirement to deliver quickly, people can draw on these relationships and collaborate to achieve shared goals.'

PayPal is viewed as an employer of choice and it has very clear criteria on what it takes to succeed in its organisation. 'Collaboration is one of the skills we look for,' says Mary. 'We assess how well an individual can engage with others.'

Structured events include a quarterly networking event for all newcomers. 'Developing relationships is really important,' says Mary. 'We get everybody together to share the tips and guidance that will help people succeed at PayPal.'

Regular regional or country calls, known as 'all hands', bring together people across all levels of the business to share news. Business units also have regular forums where there is open dialogue. These forums offer the opportunity to showcase new developments and share customer experiences. The top 80 European PayPal leaders also have monthly calls during which business updates and challenges are openly shared.

Employee engagement across Europe is 93 per cent. 'I think part of the reason for that is we have very people-centric general managers who spend a lot of time on engaging employees and creating an environment of openness,' says Mary.

Leadership development focuses on developing the effectiveness of teams and collectives as well as individual leadership effectiveness.

▶ 'We look at the ingredients of what makes teams succeed and stand out. Part of that is about being able to work across boundaries and getting results through people working in different locations and across different time zones.'

Senior leaders are very accessible and invite feedback and insight from others. 'People are unafraid to express a different point of view,' says Mary. 'We have an environment where we encourage people to say what they think, even if it's negative. Senior leaders role model this behaviour.'

PayPal is also famous for its focus on customers. 'Customers are at the core of what we do. Without them there's no business at all. Our leaders are passionate about being a customer champion company, both for consumers who buy and sell through PayPal and for merchants who conduct their business with the help of PayPal.' Operations teams collaborate with sales people and relationship and partnership managers to ensure a consistent, customer-focused approach. The European Sales Academy focuses on developing best practice in sales and relationship management. It helps build an understanding of how different products and services suit different customers, and enables PayPal employees to put themselves in the shoes of customers so they can engage with them in very relevant and engaging ways.

'When we launch new products and services we ensure that there is a huge amount of internal employee experience during the development process,' says Mary. 'We also frequently welcome customers to forums at PayPal and there is a programme of senior executives spending time with customers to understand what they're experiencing and to hear their voice.'

PayPal's values underpin its collaborative culture. Everybody is expected and encouraged to have a point of view. 'One of our values is "Debate, decide, deliver" and another is "Honest, open, direct". People often refer to these values in day-to-day conversation. So for example, someone might say, "In the spirit of being open, honest and direct, I'd like to challenge that." Living our values encourages a more open way of communicating and gets issues, perspectives and diversity of thought on the table.'

Questions to ask yourself

Here are some questions for you to consider and to prompt some notes for yourself:

- How does your leadership team function? How could it improve as a role model team?
- How does your company support team performance? Is there a structured, carefully designed process to ensure that teams work effectively?
- How collaborative is your organisation? Where could you focus attention for improving end-to-end collaboration?

Connected leader's checklist

1. We are stronger together. As you knit together the parts of your business and increase the levels of teamwork and collaboration, you are driving productivity and value in a positive direction.
2. Human beings have a natural instinct to connect and collaborate as part of communities that give us identity and security. When we make the community the company we are on to something special.
3. Start with your team and drive collaboration from there, across functions and locations, focused on serving the customer quicker and better.

Notes

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Creating an agile organisation

Making their organisations ‘agile’ has become one of the top priorities for today’s leaders. But there is a big gap between the desire and the implementation, since it demands a delicate balance between embedding the sort of organisational flexibility that is nimble and responsive to customers and competitors, while at the same time holding true to a clear purpose and direction.

This chapter discusses how you can begin to deal with modern turbulence by:

- innovating by unleashing the entrepreneurial spirit in your colleagues
- developing a learning organisation
- becoming an adaptive leader
- prioritising ruthlessly.

Dealing with turbulence

Today’s C-suite leaders are well aware that agility is critical to deal with what we are calling the VUCA world, or one characterised by volatility, uncertainty, complexity and ambiguity.¹ They appreciate the importance of equipping their organisations to survive in an environment characterised by increasing demands from customers and the increasing challenges from competitors and new technologies.

The predictability of the ‘old’ world really has disappeared for most organisations. In the last 20 years we have experienced two or three deep recessions, major disruptions in the business–customer relationship, the pervasiveness of social media, the demand for more transparency and accountability, and increasingly disruptive technologies.

Most organisations are now working in the context of globalisation and international interdependency, either directly or through their customers. This creates a high level of uncertainty and the need to be nimble, neither of which is compatible with the command-and-control style of leadership, with its over-emphasis on centralised policy and weak support for individual initiative. As noted earlier, complex adaptive systems learn how to survive and flourish in these unpredictable environments. Adaptive leadership provides a helpful synthesis of change leadership thinking for this new reality.² It is about changing the whole system, through effective diagnosis and action, as opposed to technical change within the system (which typically is less successful). Adaptive change emphasises innovation and learning, as well as persistence and seeing and overcoming obstacles as the system tends back towards homeostasis. Heifetz *et al.* talk about ‘the productive zone of disequilibrium’, which is like a pressure cooker to get the change to stick, which echoes the disruption going on in the world of technology. Later on in this chapter the use of disruptive leadership development is discussed as a way to help leaders develop a more adaptive approach to change. If you remember the exponential rate of technological progress from Chapter 2, you can start to appreciate the extent to which we need a new leadership approach.

Disruptive technologies

In 2013 the McKinsey Global Institute published a report which identified 12 technologies that could drive truly massive economic transformations and disruptions in the coming years.³ It estimated that, together, applications of the 12 technologies discussed in the report could have a potential economic impact of between \$14 trillion and \$33 trillion a year by 2025 (see Figure 9.1). According to

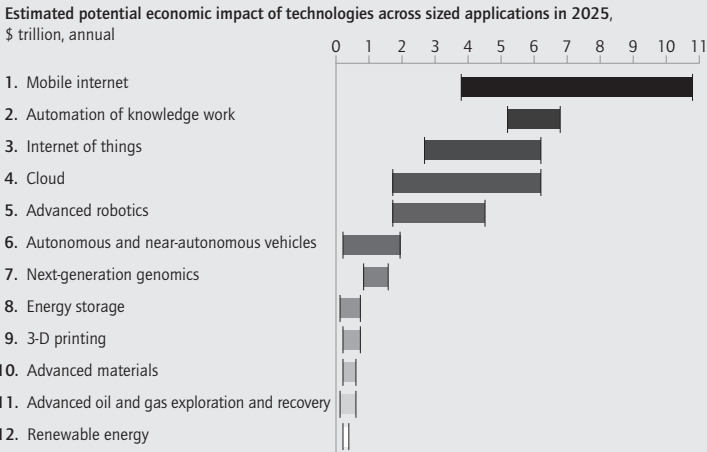


figure 9.1 A gallery of disruptive technologies

Source: Manyika *et al.*³

McKinsey, this estimate is neither predictive nor comprehensive. It is based on an in-depth analysis of key potential applications and the value they could create in a number of ways, including the consumer surplus that arises from better products, lower prices, a cleaner environment and better health.

As Siemieniuch and Sinclair have remarked, ‘in 30 years’ time we will be designing and servicing products we can’t yet define, for uses that will change, perhaps abruptly, utilising materials not yet invented, in processes we have not yet developed, using suppliers who will become very different to now, and we will be doing all this with people who do not yet work for us, utilising profits we still have to earn’.⁴

The *Oxford English Dictionary* defines being agile as ‘able to move quickly and easily’.⁵ Organisational agility thus presents something of a paradox. You have to be able to identify and respond quickly to emerging threats and challenges while at the same time having a firm vision of your strategic plans and coordinated activity to execute them. This paradox is at the heart of connected leadership, with its stable foundations and flexible and evolving ways of working.

Creating an organisation that is ‘able to move quickly and easily’ needs a strong spine and supple muscles. Embedding organisational flexibility has to be based on a strong spine of clear purpose and direction and a strong sense of shared values, with the flexible muscles of colleagues who are empowered to take decisions based on their proximity to customers and a willingness to trust and collaborate. The final component in this flexible anatomy is the innate ability to learn, to improve, to share knowledge and to be disruptively innovative. This is the final factor in the connected leadership model and it unlocks the rest of the model by providing the lifeblood of agility: learning.

The key for a more connected type of leadership is that it is ‘networked’, in that the people in your organisation have the shared intelligence to be able to respond to local priorities while maintaining the collective cohesion – just as a successful soccer or rugby team shares a collective intelligence that allows highly fluid movement without losing its tactical shape. Each player knows what they are seeking to achieve collectively, so is therefore able to exercise judgement about being in the right place at the right time to maintain interdependence in the face of determined competition.

Through learning, innovation, continuous improvement and managing ambiguity you can enable your business to adapt quickly and respond to local customer needs within the parameters set by your purpose, direction and values. As one CEO said to me, although the need for agility is fuelled in a large part by technology, success is really about changing the way people work, the way they think, the way they view data and the way they interact with customers.

Innovation: unleashing the entrepreneurial spirit

One of the big challenges for many of the companies we work with is to encourage a more entrepreneurial, responsive and risk-taking mindset among all their colleagues – a challenge when they number in the tens or even hundreds of thousands. In a

small start-up it is relatively easy to build and maintain a culture of innovation, with a shared sense of doing something exciting and pioneering. In larger and more established companies this is a bigger challenge.

In an innovation culture the customer often looms large in the organisation, with every effort focused on anticipating and meeting what current and future customers need and want. The culture is fast, flexible and adaptable and people naturally respond in this way in the best interests of the business and the customer. This drives breakthrough thinking to create real innovation in processes, products and services, with the determination to follow through to actual market release and commercial success. Typically, people are highly capable, keen to work as a team and enable others to conceive and articulate innovation and see it through to it actually hitting the market. These people are inquisitive, seeking constant improvements and never satisfied with 'good enough'. Everyone is encouraged to seek repeated improvements to the ultimate benefit of customers. In some companies there is a competitive culture, externally and sometimes internally, to get the best possible results from great ideas and to get there first. As well as being agile there is a real discipline about execution in order to commercialise ideas brilliantly and to build quality into every part of the process.

One large company I know put into place processes that encourage people to 'fail fast and learn', or, in other words, to experiment by starting small, testing and, if it fails, to learn from it and apply that learning in the next iteration or project. An important element in doing this is not to over-burden these experiments with too many rules. Rapid application development and prototyping are related ways to build more agility and take risks but in a contained way, keeping any potential risks smaller and more manageable.

What is essential is to develop a sustainable, repeatable and methodological process of drawing out creativity and innovation, rigorous analysis of ideas, a route to the development of those with most promise and making them happen. Crucially, innovation is

rarely successful in isolation. It flourishes where there are both formal and informal meetings with a wide assortment of people both internally and externally who can exchange ideas and learning. This sharing of best practice is pivotal to success. Bringing people together into cross-functional teams to think about the same problem from different perspectives can lead to significant and innovative solutions to problems. It also helps to break down functional silo mentalities (where colleagues look inward and focus on protecting their turf rather than seeking breakthrough ideas).

The National Collaborating Centre for Methods and Tools suggests the following framework to shape an innovative culture:⁶

- 1 Look for successes.** Assign a best practices team or coordinator to take charge of this process to establish routine procedures to look for internal successes. For example, an ‘after-action’ review is a helpful and structured debrief of what happened during an event or project to learn from the experience.
- 2 Identify and validate best practices.** Identify which practices account for the success of top-performing areas. For example, determine whether environmental or personal factors, or internal practices, account for a unit’s success. Using internal benchmarking to compare the performance of different units in an organisation may be useful, especially when they perform similar activities.
- 3 Document best practices.** Write a description of the best practice and maintain a central repository. Direct people to the developers of a practice and to related communities of practice so they can learn from other people’s hands-on experiences. At Mandarin Oriental Hotels, for example, there is a shared database of best practices that each hotel can contribute to and draw from, encouraging sharing across locations.
- 4 Create a strategic plan to share best practices.** Design and carry out a strategic plan to share knowledge about internal best practice with the potential users who can most benefit from it. This includes identifying and recruiting the support of people who can help create demand for the

development of a best practice and promoting on-the-job learning. Communities of practice bring together people with a shared professional interest (such as software engineers or quality technicians) to exchange insights and experiences, as Xerox did with its photocopier engineers.

- 5 **Adapt and apply best practices.** This last step is to help people apply best practices in their own settings, which may be different than in the place where the practice was first developed. For example, guidelines could be developed on how to adapt a best practice to different settings or functional areas. At Three, the mobile phone network, ideas developed in the team that runs the network need to be revised to be useful in the multi-channel retail side.

Celebrating learning

This approach to innovation is summed up in the now-famous quote by Reid Hoffman, the founder of the successful social networking site LinkedIn: ‘We don’t celebrate failure in Silicon Valley, we celebrate learning.’⁷

Naeem Zafar, academic, writer and entrepreneur, in a series of articles in *The Atlantic* magazine which looked at just what made Silicon Valley such a thriving centre of innovation, described five main ways these entrepreneurs succeed in translating innovation into actual businesses:⁸

- 1 They encourage a culture of collaboration both formally and, perhaps more importantly, informally.
- 2 They align both social and economic incentives so that everyone is committed to building something amazing.
- 3 They assemble a critical mass of talent of highly educated, highly motivated people.
- 4 They have respect for intellectual property.
- 5 They have capacity to celebrate failure since those who failed have learned invaluable lessons about what not to do.

It is interesting to reflect on these for your business and to identify ways in which you can push further with at least one of these characteristics in order to strengthen the innovative gene in your organisation.

Develop a learning organisation

Much innovation stems from having a learning culture in place where people share knowledge and ideas as a matter of course. Your role as leader needs to include encouraging learning and improvement across the whole business. Ask yourself:

- Is information shared and easily accessible to everyone?
- Is learning an ongoing, never-ending process?
- Are people inspired and motivated to learn and is tangible value placed on it?
- Are people encouraged to make mistakes?

Learning is becoming a pervasive and central part of our knowledge economy. Millennials do not see a distinction between learning at work and personal learning, as it is all enabled by the internet and the proliferation of information we have at our fingertips. In the networked society we can all be learning all of the time and if you can harness that innate human curiosity in your business you will have captured a wave of energy and ideas that can really drive innovation and improvement.

It was not long ago that personal devices were not allowed onto the corporate networks of many organisations and all managers were issued with a BlackBerry device for email and telephone use. We are now in a device-neutral world where personal and work communications are via the same smartphone and for most of us now effectively integrated. This creates opportunities for you to fuel the learning equity of your business by encouraging colleagues to learn constantly and to bring it to bear at work. Offer prizes for the best innovation of the week, or of the day, and celebrate examples where people have 'Googled' something and found a new way of doing or thinking about a process or a product.

In today's economy, according to Krebs: 'All individuals, communities, systems, and other business assets are massively interconnected in an evolving economic ecosystem. In the connected economy, each network actor (individual, team, or organisation) is embedded in a larger economic web that affects each participant and, in return, is influenced by that participant. In such a connected system we can no longer focus on the performance of individual actors – we must manage connected assets.'⁹

The formation of such communities allows high levels of learning to become the norm. Often smaller organisations are more naturally attuned to this approach because they are much closer to their customers and the market. Larger ones have the problems of their sheer scale and their need for elaborate structures which enable them to function. Those structures and processes, however, can mitigate against flexibility, learning and adaptation when they become bureaucratically complex, which slows things down. In one client I witnessed small teams forming to share technology research across product categories as a result of managers participating in a leadership development programme. One of the teams combined customer insight from a retail manager with product innovations from two category managers and the resulting chocolate underpants for Valentine's Day were a great commercial success. This type of result can help to spark more cross-functional innovation if you help to relate the story across the business.

The concept of the learning organisation first emerged in its present form through work by Peter Senge and others into how organisations had to become more interconnected and hence agile enough to deal with market changes and upheavals. Senge, professor at MIT and founder of the Society for Organizational Learning, has created a blueprint for the learning organisation¹⁰ consisting of five main elements:¹¹

- 1 **Personal mastery.** This involves formulating a coherent picture of the results people most desire to gain as individuals (the personal vision), alongside a realistic assessment of the current state of their lives today (the current reality). This is

linked to the importance of building individual confidence and capability in order to enable empowerment.

- 2 **Mental models.** This looks at the importance of developing awareness of the attitudes and perceptions that influence thought and interaction. By continually reflecting upon, talking about and reconsidering these internal pictures of the world, people can gain more capability in governing their actions and decisions. Authentic leadership relates to this through the lens of shared values and assumptions.
- 3 **Shared vision.** People learn to nourish a sense of commitment in a group or organisation by developing shared images of the future they seek to create and the principles and guiding practices by which they hope to get there. This is a key part of purpose and direction.
- 4 **Team learning.** Through techniques such as dialogue and skilful discussion, teams transform their collective thinking, learning to mobilise their energies and ability greater than the sum of individual members' talents, fuelling collaborative achievement.
- 5 **Systems thinking.** People learn to better understand interdependency and change and thereby to deal more effectively with the forces that shape the consequences of our actions. Systems thinking is based upon a growing body of theory about the behaviour of feedback and complexity – the innate tendencies of a system that lead to growth or stability over time (this relates to complexity leadership theory and in particular to the adaptive and enabling functions of leadership).

You will have noticed the links between these elements and the five factors of connected leadership. We are still some distance from realising the ideal of the learning organisation, argue some observers, including David Garvin and his co-authors, who suggest three main reasons for this.¹² First, discussions too often say less about *how* this is to be done and more about *why*. Second, the concepts are aimed at leaders and senior executives rather than at lower-level managers who have little idea how to put it into

practice. Third, there are too few standards and tools. They believe that there are three key building blocks to creating a successful learning organisation:

- 1 **A supportive learning environment.** This is one where colleagues feel safe to own up to failure and try again, where opposing and competing ideas are welcomed, where there is openness to new ideas and, notably, time for reflection.
- 2 **Learning processes and practices.** This is an important step and one that is too often missing. It involves designing and implementing learning processes which contribute to the systematic generation, collection, interpretation and dissemination of information.
- 3 **Reinforcing leadership behaviour.** If a leader actively questions and listens to colleagues in a supportive way, people will feel encouraged to learn. Garvin quotes the former chief executive of American Express, Harvey Golub, who wanted to encourage really open-minded discussion by making it plain that he was ‘far less interested in people having the right answer than in their thinking about issues the right way. What criteria do they use? Why do they think the way they do? What alternatives have they considered? What premises do they have? What rocks are they standing on?’

Taking part in learning activities yourself can make you a more effective role model for learning, according to Milway and Saxton.¹³ This is as much about culture and your behaviour as leader (and how that helps to create the culture) as it is about processes and systems to support learning, sharing and effective innovation. The processes and systems need to be in place but they won’t really work well unless the culture supports that type of activity. In some clients with whom we work, the CEO and the board embrace the opportunity to attend leadership programmes or coaching sessions or assessment processes. In these clients the role model provided by the board sets an example for others who therefore take the learning opportunity more seriously. In other clients it is more difficult to get full participation from senior leaders and the resulting cynicism from other leaders gets in the way of their learning.

You have to encourage a climate of learning, taking risks, learning again and doing something different. From senior leaders stepping back and encouraging others to take decisions through to local leaders encouraging learning and adaptation, the behaviours are about enabling the organisation to operate on the basis of accepting mutual influence, respecting others and making careful decisions that balance the organisation's and the customer's needs.

Admittedly, it can be hard for a leader to let go of control and adopt a more coaching style of leadership. But what it signals is that people are being allowed to 'get on with it', something very important for an agile organisation that needs space to innovate, fail and try again. You can be highly effective by supporting, coaching and providing space for others to learn, just as architects create space for living through focusing on the space between things.

Milway and Saxton also recommend creating a culture that values continuous improvements through aligned beliefs and values, reinforcing incentives and commitment to measurement of results. This link between having a culture that encourages learning and seeing continuous improvement is echoed by David Brailsford's emphasis on marginal gains in the way he coached British cycling to achieve seven gold medals at the 2012 Olympics and helped Team Sky to win two Tour de France titles in successive years in 2012 and 2013.¹⁴ Brailsford and his team applied learning to every aspect of the team's performance, from obvious areas such as bike design and rider fitness, to sleeping patterns and diet. Examples of what they learned and implemented included taking along riders' own mattresses and pillows to prevent neck and back problems and even training the team on how to wash their hands correctly to reduce the chance of infections. This approach epitomises how learning drives improvement, which drives performance.

Disruption builds adaptive leaders

Reviewing recent leadership research and looking at what works in practice confirms that in today's uncertain and unpredictable environments leaders need to be less rigid and centralised. Fletcher, for example, has described three characteristics of this style of more distributed leadership:¹⁵ 1) leadership as practice,

so it is based primarily on what you do rather than what you say; 2) leadership as a social process, where your influence is through how you interact with the people around you and across your business; and 3) leadership as learning.

Taking the last of these, we can see there is a direct link with the adaptive function in complexity leadership theory (see Chapter 1) which is partly of value to an organisation because it provides learning ability closer to the customer interface and facilitates sharing of knowledge across the organisation.

Stacey has argued that the benefit of uncertain environments is that organisations are almost forced to respond by embracing constant change and adaptive behaviour.¹⁶ This tends to increase agility and the ability to respond to changing local market or customer requirements quickly, increasing customer satisfaction and loyalty: ‘Individuals engaged in networked interactions generate innovative solutions’,¹⁷ which relates to the collaborative achievement in the previous chapter.

I have found that creating highly disruptive experiences as learning opportunities for leaders and others is very useful in disturbing equilibrium and enabling them to re-evaluate their assumptions about how to be successful. By taking leaders or teams of people into challenging and uncomfortable situations they are less able to rely on learned routines and behaviours to survive and prosper. They are given the opportunity to try out new ways to influence others, new approaches to team working, and even to reconsider their own view of themselves. We call this *learning to feel comfortable to feel uncomfortable*. This disruption of normality creates the opportunity for breakthroughs in mindset and associated behaviour.

It's a challenging journey

‘Disruptive learning is helping us to create a new mindset among our leaders and managers, which in turn is leading to new ways of working. It is an exciting, if sometimes challenging, journey.’

Tanith Dodge, HR Director, Marks and Spencer plc

With one client we took the senior leadership cadre into disadvantaged areas of society in order to help them rethink their mental model about what leadership means. By seeking to lead people over whom they had no authority and with whom they had little in common, the leaders had to reinvent their ability to influence and collaborate with others, bringing refreshingly simple and effective methods to bear. Other examples include taking top executives into the less salubrious areas of the supply chain to work with employees, taking leaders into digital start-ups to learn about digital mindset, and taking leaders to markets in developing countries to see their products being used in local markets. The consistent element is finding disruptive experiences that provoke a challenge to your shared mindset.

Equally important to having a disruptive learning experience is being in an intense environment back at work to put it into practice. Typically, leadership development programmes finish and normal work resumes, almost as though nothing has happened. The temptation for leaders is also to return to normal. There is great value therefore in creating short-term high expectations of improvement in key business areas as a result of the programme, with associated measurement, coaching and action learning support. Expect nothing and you will probably get it; expect results and you are more likely to see them in practice.

Prioritise ruthlessly

Many of the organisations I visit are working hard to simplify their ways of working as a key way to increase agility and their ability to adapt to changing circumstances. The greater the complexity outside your business, the simpler it needs to be inside in order for you to manage your way through this environment effectively. Ruthless prioritisation is a good way to start this process of simplification. It creates clarity for yourself and others on what to focus on and, perhaps more importantly, what not to focus on, in order to enable action in times of complexity and uncertainty. Set clear priorities for the business and for your

leadership team, so that everyone can then focus on doing fewer things better.

Where can you start? How about by waging war on bureaucracy and inviting your colleagues to reduce processes and paperwork to the minimum needed to serve the customer and maintain regulatory compliance? If your colleagues are empowered to be the best they can be for the sake of customers, and they are clear about a) the priorities and b) the need to strip complexity out of their ways of working, you can trust them to make the right decisions in the interest of the wider organisation.

As a leader, you also need to have the courage to slash through any bureaucratic thinking or activities which could slow down innovation and learning. We see many companies trying to simplify by eliminating procedures, rules and regulations which have grown exponentially (and often without a clear understanding of why) but which are no longer applicable to innovative outcomes. Getting rid of them can remove systemic roadblocks and wasteful use of resources. This isn't easy given the likely vested interests involved. For you to rip up the rulebook and say, for example, we are going to slash the number of key performance indicators from 400 to 40 is brave, bold and needs careful communication. Without such symbolic acts, however, you are less likely to see real progress and reduced bureaucracy.

At the same time you should not tolerate those who stay in their comfort zones by clinging to old ways of working and thinking. Tell stories about people who have been bold in sticking to the priorities, improving processes, reducing bureaucracy and speeding up the way the business operates. But also you need to confront those who won't participate and encourage them to get on board or to find an environment better suited to their preferences.

Going back to the head coach of the British cycling team, David Brailsford, consider the now-famous principles he followed to transform the team into one of the most successful in the UK's cycling history.¹⁸ They offer us guidelines for how to achieve this disciplined focus.

- 1 **Ensure clarity.** Be clear about purpose and responsibility, so everyone is clear about the part they play in achieving the team's purpose.
- 2 **Create a 'podium programme'.** Aim to be the best or nothing, focus on being brilliant at a few things.
- 3 **Plan backwards.** Identify your goal and then prioritise what you need to do to win, working backwards through every detail.
- 4 **Focus on process.** It's about making improvements in even the smallest things.
- 5 **Get back to basics.** Be single-minded and keep everyone focused on the goal.
- 6 **Practise winning.** Get small wins before big ones so that you develop the winning habit.
- 7 **Aggregate marginal gains.** Focus on improving performance by 1 per cent in many areas.
- 8 **Maximise the latest technologies.** Find the technological innovations that are most helpful in boosting performance in line with your goal.

Brailsford epitomises ruthless prioritisation and his single-mindedness was contagious, spreading throughout the team and driving unparalleled success. We can learn from him. If you want more agility in your organisation you need to create the momentum for change (through increased innovation and learning) as well as removing the barriers to it (such as complexity and bureaucracy). If you fail to address the latter, the former will fail, as I have seen in various organisations which have struggled to embrace the digital revolution and create agile ways of working.

As I have stated throughout this book, the things that need to remain constant are your purpose, direction and values, all in the context of creating a customer-driven organisation. In my experience, the companies that struggle to change share a tolerance of poor behaviour and an acceptance of a conservative mindset that protects the status quo. When Dave Lewis took over at struggling UK retailer Tesco in 2014 he confronted both areas quickly and

decisively, removing executives who embodied unacceptable attitudes or behaviours and making structural changes such as closing unprofitable stores and selling non-core businesses within six months.

Contrast this with other UK retailers struggling to respond to discount retailers and digital competitors. They have taken years to implement changes that have not delivered expected results because they have failed to change the behaviours and conservatism that are still too present in the organisation. We only have to look at the fate of companies that were market leaders in mobiles like RIM (Blackberry) and Nokia to appreciate how quickly fortunes can change when companies are slow to respond to changing circumstances. Similarly, Eastman Kodak invented the digital camera in the 1990s but refused to exploit it in order to protect its existing business in film and processing. The business eventually failed, but it could have been very different.

case study

Agility and customer focus at Three

When Three, the UK's fastest growing mobile operator, found itself competing on price rather than customer service, it saw an opportunity to challenge the mobile phone industry for the better and reinvent the rules. As a result, Three went from being the most complained about mobile operator to the least complained about. How did it achieve such a successful transformation?

Dave Dyson, CEO of Three, sets the scene: 'Three only exists because a lack of competitiveness and innovation within the mobile industry led the British government to allow the introduction of a new operator back in 2003. Although the company had been created to deliver on a clear purpose, that didn't translate into day-to-day activities, causing innovation and profitability to suffer.'

To achieve growth, Three priced its services at a discount and quickly developed a reputation for being the cheapest in the market. 'The company simply didn't have enough quality in its customer experience

to justify charging a premium,' says Dave. 'It was performing at a loss and significantly undershooting expectations.'

Renewing the strategic vision

Appointed CEO in 2011, Dave's first priority was to reconnect the brand with its purpose to make mobile better. 'We had to get back to challenging the rules of mobile, such as the unspoken rule that if you go abroad, roaming rates are so high you have to turn your phone off. We wanted our customers to be able to enjoy using their phone overseas the same way they do at home. But to reinvent the rules of mobile and live up to our brand promise, it wasn't enough to have great ideas. We also needed the agility to bring them to market first.'

This reinvention around the core purpose of making mobile better required buy-in from across the organisation. Graham Baxter, Chief Operating Officer at Three, adds that 'having a shared direction and purpose is very important to Three. There is a "one team" mentality'.

Although Three has never been a particularly hierarchical or bureaucratic organisation, leaders recognised that transformation required an increasingly connected style of leadership across the business. 'We had to develop leaders to be creative and bold,' says Dave.

Three wanted to encourage innovation and increased agility in a supportive environment. Senior leaders advocate the 'fail fast, learn fast and innovate' concept. 'I believe in acting your way into a new way of thinking rather than thinking your way into a new way of acting,' says Graham. 'Otherwise you never actually act. So let's just start with something and then make it better.'

Leaders at Three believe that successful customer engagement starts with highly engaged colleagues who connect to the organisation's purpose and values. 'In order to have great conversations with our customers, we have to have great employees,' says Graham. 'We wanted to improve employee satisfaction, customer satisfaction and cost control. Some people say you can't have all three. But if you get that shared purpose right then you can.'

Starting from the top

In order to connect people to purpose and develop more agile and customer-focused behaviours, Three introduced a major programme of leadership development. 'Making the transition from being price-led to brand-led was a huge strategic shift,' explains Lesley Davies, Director of People Experience at Three. 'We couldn't just flick a switch, so we introduced learning and development that would drive the change for our senior leaders, including the board. We began by helping the board to clarify its vision and explored the pockets of excellence already in place when we saw great customer centricity in action. We identified six competencies to drive agility: customer-centered, business-savvy, explore, collaborate, engage and deliver.'

The modular leadership development programme, supported by coaching and a specially designed leadership app, focused on increasing self-awareness and helping leaders to understand the impact that they had through their habits and preferences. Leaders also explored their impact on the team and the business, helping them to see which styles helped to increase pace and agility.

Gathering data on the preferences of the top 50 leaders unearthed valuable insights. 'A key learning point was that the predominant working style was to "be perfect", making leaders want to acquire more information and data than they actually needed to make decisions,' explains Lesley.

The eight board directors were the first to go through the programme, which helped to position them as role models. 'The learning made you feel physically uncomfortable, it was so impactful,' says Dave. 'Unlike reading a book, the use of actors and real-life business scenarios forced you out of your comfort zone onto a steep learning curve. Everyone took away something different. For me, this was speed of decision making.'

Profiting from being more agile

Graham believes that people across the organisation are now more adept at mobilising swiftly towards achieving a goal. 'We can adapt and

move quickly. We are increasingly responsive, which both suppliers and customers appreciate.' Lesley adds that 'investing in leaders and adapting our leadership style has helped make our customers love us'.

Three believes that in a fast-moving marketplace, a clear direction is critical to its success. 'Keep the strategy simple,' advocates Graham. 'We can't do everything. Resources are limited, so we focus on a small number of priorities. We don't get distracted by all the things we "could" do. We focus on what we "can" do, and do well. We are very tuned in to our customers, and prioritise the things that benefit them most. Complexity can create confusion. It dilutes your message. Focus leads to clear business outcomes.' As recognition of this, Three won Best In-Store Customer Experience (Mobile Choice Awards) in 2014.

Leaders at Three genuinely see people as their greatest asset and believe it is impossible to deliver a great customer experience without investing in people to develop skills and behaviours in line with a shared purpose and direction.

'Engaging people gives them the confidence to execute strategy,' says Graham. 'Our performance improves every month because people get it. Whether working in our customer contact centres or in our stores, people get it. And rather than reward individual effort, we want to reward shared outcomes. We want to encourage team thinking and rally people around a shared purpose.'

By galvanising people around its shared purpose of making mobile better and responding to customer needs with agility, Three has seen results improve. 'Developing more connected leadership has had a lasting impact,' says Dave. 'People in the business feel confident that they're working on the right things. We have increased speed of decision making and are performing better as an organisation. Everyone is aligned to and excited by our core purpose, increasing agility and the momentum of deliverables. Best of all, we're back to changing the rules of mobile. For example, we were the first mobile operator to allow customers to use their phones from abroad as if they were at home. And our financial performance is solid.'

Questions to ask yourself

This chapter has discussed what is becoming the Holy Grail of companies around the world: to be more agile in the face of a world where doing the same old thing is a threat to your very survival. It's not easy becoming a connected organisation. But by following the principles discussed throughout this book you have a better chance of being one of the survivors. So, ask yourself:

- Do I support those that fail fast and learn or do I penalise failure?
- How committed am I to learning for myself?
- How well do I provide a role model to others as a learning professional?
- How bold am I?
- What holds me back if I hesitate to make brave decisions in response to changing circumstances?

Connected leader's checklist

1. Agility needs the strong spine of purpose, direction and values and the supple muscles of learning.
2. You need a culture where innovation and improvement are valued and people feel confident to experiment without fear of failure.
3. Ruthless prioritisation enables you to focus resources on the few things that matter most to customers.

Notes

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Taking people with you

Connectivity is an organisational capability which needs time and dedication to build so that it lasts. Connected leadership is the route to achieving a connected organisation, one that can compete effectively at least in part due to its innate ability to adapt rapidly in line with changing customer expectations and technological innovations.

Changing the way you and your leadership colleagues lead the business is a significant step towards this, but it then takes everyone in the organisation to create the connections that will lead to the associated agility and collaboration in practice. That means engaging all your people in terms of what they know, think, feel and do.

In this chapter you will find:

- an overview of strategic engagement and how to engage leaders across your business
- insights into how to engage everyone to create the connected company
- practical steps to use communications effectively.

Finally, I suggest you retake the survey on how connected your organisation is, which was introduced in Chapter 3. By now you should have a much more precise idea of just where you are in terms of the five factors of the connected company.

Building a connected company through strategic engagement

Strategic engagement is about building effective connections between your purpose and goals, people's behaviour and the resulting transformation in terms of customer experience and business performance. It is about making emotional connections in order to build and sustain momentum. As PwC wrote in a recent report: 'Human behaviour is complex. Organisations don't adapt to change; their people do. But this human element is overlooked again and again. About 75 per cent of all organisational change programs fail, largely because employees feel left out of the process.'¹

In the context of creating a connected company that is more agile and customer-driven, you are looking to create a sustainable organisational capability. What is an organisational capability? Ulrich and Smallwood state: 'Organizational capabilities emerge when a company delivers on the combined competencies and abilities of its individuals. An employee may be technically literate or demonstrate leadership skill, but the company as a whole may or may not embody the same strengths. (If it does, employees who excel in these areas will likely be engaged; if not, they may be frustrated.) Additionally, organizational capabilities enable a company to turn its technical know-how into results.'² In the same article, the authors describe how InterContinental Hotels Group identified the key capabilities the company needed to develop as being collaboration and speed, which, interestingly, are closely aligned with the last two connected leadership factors.

In order to develop connectedness as a company-wide capability you need to engage your leaders and all of your people in the journey. But where do you begin? The MacLeod report into employee engagement concluded that the four main drivers of engagement are clear leadership, engaging line managers, colleagues feeling they are able to voice their ideas and be listened to, and a belief among colleagues that the organisation lives its values, resulting in trust and a sense of integrity.³ You can use this insight to prepare for engaging your people with the changes associated with

becoming more connected. Note that the first driver of engagement above is you and your colleagues as leaders: how you put into practice the areas covered in this book so far. You are primarily responsible for providing clarity and building a culture where the factors of the connected company are explicitly valued. This also covers the fourth driver, the belief that as an organisation you live your values, and as we discussed in Chapter 5, this starts with you being an authentic leader.

In order to harness the power of the second and third drivers you have to engage with all the managers of people in your business so that they ‘get it’. They have to be well equipped to lead those they are responsible for in a way that demonstrates connected leadership in day-to-day practice, to listen carefully to their people and to ensure those messages are understood and acted upon within the organisation. It has been well chronicled that a key factor in engagement at work is one’s relationship with one’s line manager: if it is good, then we are more likely to be engaged and motivated to commit discretionary effort; if not, we are not.

Of course, this is linked to your business’s wider selection and development of managers and leaders across all levels and organisational units (as discussed in earlier chapters in relation to both devolving power and building a learning culture). If your organisation has effective talent management and leadership development, and if you have therefore an organisational capability of leadership, then your task will be much easier than if you don’t.

Engaging all the managers

In order to engage your colleagues across your business you need to engage your managers and give them the knowledge and tools to engage with their people in a way that is both consistent and authentic. It has to be *consistent* because you are looking for a shift in mindset and behaviour from across the whole business. It needs to be *authentic* because colleagues are not stupid and will not engage with programmes or initiatives that they see as being disingenuous, flavour of the month or manipulative. They will, however, respond to genuine changes in the way their manager

works with them if they value these changes and see the purpose of them in line with the overall purpose of the organisation.

In my experience of working across sectors, continents and levels of organisational maturity, there are a few simple rules that help to set things up for success in this area (see Table 10.1).

table 10.1 Engaging your managers in becoming connected leaders

10 rules	Description
1. Mean it	If you and your leadership colleagues don't mean it, then it will not work (and it's better not to start). So discuss this change in depth and commit as a leadership team to embark on the journey.
2. Be disruptive	To change mindset you need to challenge preconceptions and help people reframe their assumptions. So design uncomfortable experiences that take managers out of their comfort zones.
3. Make it enjoyable	If it's dull it won't be effective. Use humour and gaming to get people involved.
4. Build momentum	Change takes lots of energy at the beginning, as well as time and regular reinforcement, but once the flywheel is going its momentum will carry on. ⁴ Be willing to invest time and effort heavily early on.
5. Give the tools	Give managers the tools to engage with their teams regularly and with impact.
6. Give the training	Train managers in key skills such as dialogue, facilitation and coaching.
7. Make it two-way	We make sense and adopt assumptions based largely on dialogue and reflection, so it is critical to base the engagement on two-way discussion and group dialogue.
8. Track progress	Measure progress through feedback loops focused on what people are learning and what they are doing with it in practice. Make the feedback visible and simple, and review it as key management data along with sales and the balance sheet.
9. Follow up	Make it stick by celebrating progress (and challenging lack of it with support to get going) and give people the opportunity to feed back and influence the process as it progresses.
10. Be a broken record	Persistence is vital as it takes time and repetition to make changes of this nature permanent. Keep telling the story, changing the language people use and recognising breakthroughs to encourage more.

These rules work. You may have other ways to make change stick, too, and I encourage you to use them, especially if they are natural to your company's ways of doing things. But I would ask you one thing – to check that you are not using channels and techniques that may have worked in the past but which are too associated with a more hierarchical or traditional way of working.

Engaging everyone to create the connected company

The next stage is far more challenging because you now need to take everyone with you on the journey to becoming a connected company. You can engage people over a sustained period of time through helping them to know, think, feel and do things differently. In other words, they have to be encouraged to develop a new mindset and related habits. New mindsets mean new behaviours and new behaviours mean improved performance. In Figure 10.1 you can see how this progresses, from knowledge that drives new thinking to an emotional reaction causing changes in behaviour.

Going through these stages is important because when you seek to take people with you there is no point just telling them – they have to embrace it individually and collectively. This can be a messy process, especially when we are asking people to change habits or behaviours they like, which have served them well, which are familiar and which have probably supported their career progression to date.

Aligning purpose and behaviour to create faster change

Change happens when employees:

Know the purpose behind the change and how they connect with it

Think about the part they play in the new direction

Feel that their contribution is valued and celebrated

Do things which make the change a reality

KNOW

THINK

FEEL

DO

figure 10.1 Know, think, feel, do

Source: Cirrus

We can better understand the way we react to change as individuals by using the transition model developed by William Bridges.⁵ He described three phases that we tend to go through as we adjust to change. First, 'ending, losing, and letting go', where we need to recognise the ending of what has been and the associated sense of loss, of having to let go. This is followed by entering what he calls the 'neutral zone' in which we feel mixed emotions of confusion and opportunity. As we go through the neutral zone we develop a stronger sense of and begin to embrace the third phase, 'the new beginning' of acceptance and exploration of the new world. In other words, personal transition takes time and benefits greatly from special management attention if it is to be navigated effectively. It is also worth remembering that as leaders, we might be well into 'the new beginning', while other people in the company may be just beginning to let go and coming to terms with the 'ending' of the old ways. So we need to be patient and persistent in engaging with people and helping them make sense of it and move into a new mindset in their own time.

We can also draw on the wisdom of strategy expert Henry Mintzberg again, who identified four learning processes that work across an organisational system to build a collective capability, as described in Table 10.2.⁶ These processes work at the three levels of individual, group and organisation. It is helpful to understand how the learning starts with each individual and then develops through teams and larger groups to finally change the way the organisation thinks and behaves. But it takes time and dedication as well as an understanding of the psychology of how people engage with and embrace new ideas and turn them into new ways of working to make the transition successful. In my research I found that the main (and perhaps obvious) pre-requisite for creating a connected organisation was senior management commitment to make it happen. Where this was lacking the changes were ineffective, whereas where it was strong the changes made a major impact on organisational engagement, culture and performance.

table 10.2 How you can help the organisation learn to be connected

Process	Description
Intuiting	The first process is happening at a subconscious level. It is the start of learning as people begin to make sense for themselves of what is happening. It must happen in each individual's mind, as a foundation for the next process to work effectively, so each person needs time for this to work well.
Interpreting	The second process picks up the conscious elements of this individual learning as people begin to share their thoughts with others through dialogue, i.e. at a group level. Your job is to catalyse the discussion about becoming more connected in and between groups.
Integrating	At the third process and as a consequence of the social interpretation the collective understanding changes at the group level. At this point the mindset of the organisation is starting to change. You can maintain this effect across the whole organisation if you sustain it over time.
Institutionalising	Finally, the fourth process incorporates that shared learning across the organisation by embedding it in its systems, structures, routines and practices. Here you can build new organisational habits to reinforce the connected mindset.

Let's take each process in turn and consider what it might look like in practice in developing a connected company.

Intuiting

The first process is intuiting, which happens in the individual subconscious. We can draw on Weick's sensemaking (described in Chapter 4), which helps us to understand how people are making sense of what is happening around them all of the time.⁷ Here are a few tips for engaging with each person's intuitive response in order to get their initial buy-in to being connected:

- Emphasise your higher purpose as an organisation to leverage how people identify with the organisation, such as 'working together saves lives' in a pharmaceutical company.

- Link to the past by communicating how the connected future builds on your heritage as an organisation and relate stories of how yesterday's figureheads demonstrated the connected characteristics themselves.
- Change your language as a symbol of what is now important, using words like agile, collaborate, values and customer.

Through these signals you will reinforce the idea that change is necessary and beneficial.

Interpreting

The second process is interpreting, where people make sense through dialogue. As Weick wrote: 'Human thinking and social functioning are intertwined . . . We make sense through action, interaction, reflection and "fit" . . . Dialogue is key.' You can use formal and informal social interaction to help people engage with the messages about being a connected company:

- Formal channels such as training courses, induction, colleague forums, works councils and special interest groups, and use rituals such as company briefings to reinforce the messages.
- Informal opportunities are equally important, including meeting people in kitchens, dining rooms, by water coolers and the like as well as social gatherings and parties.

Seed these with visible symbols of change, ask questions to start discussions and encourage people to challenge, debate and come up with ideas to envision what being connected means in practice and how to make the changes more effective.

Get teams to do things that explore new ways of working, such as asking them to explore how their goals and values align with those of the business, to create a new mental model of the connected company through dialogue.

Integrating

The third process is integrating the thinking within and between teams across the business. Start with working teams as your focus. Develop simple team diagnostics, do-it-yourself workshops and

facilitated events that help each team leader, at whatever level, to engage with their whole team in the process of developing more connected ways of working. These can include questionnaires (such as the one at the end of this chapter), structured discussions, group activities and games. These can be in person and online, depending on what's going to work best with different parts of the business.

Get people to do things that demonstrate new ways of working, such as removing barriers to cross-functional collaboration, in order to create a new 'reality' through action. You are looking to take people on a journey through connected leadership on which they can understand each factor, identify where they are at the moment, find ways to improve and develop practical plans to put it all into practice. Introduce this through progressive cycles of coordinated activity, run by managers and cascading through your business, building momentum and giving people time to process each factor before moving on to the next.

In Figure 10.2 you can see the evolving nature of the process, with learning what works well in each iteration taking you into the next wave of activity. Creating the 'drum beat' in the organisation by continuing the cycle is what will make the change 'sticky'. Momentum gathers as each cycle is achieved until it is lived and believed throughout the organisation. Each cycle starts with leadership providing clear direction and creating a common language through sharing stories throughout the business, reinforced by simple and eye-catching communications and learning activities.

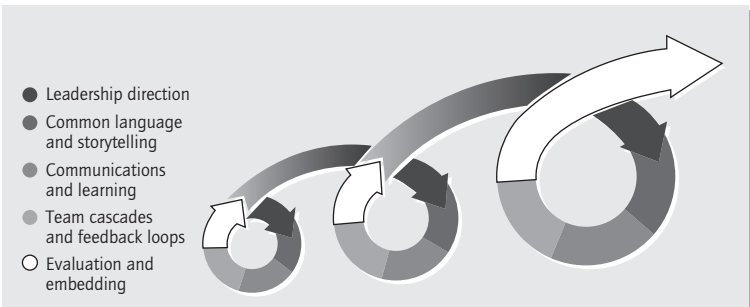


figure 10.2 Iterative cascade creates momentum

Source: Cirrus

Team leaders run workshops and lead discussions which lead to action, which is then fed back to the rest of the organisation. It is all evaluated for impact and embedded through changes to processes and ways of working.

You may find it helpful to identify and train up some coaches for this whole process. These could be people from within the business who have the commitment and aptitude to coach others in making these activities work in practice. I often find that some managers need more support from such coaches than others, but that if the coaches are effective they will develop and draw out of the managers more confidence and skill. Then the managers can facilitate the workshops and discussions over time, which creates more effective line managers as a side benefit.

While working between teams sounds like an obvious thing to do, I find it is often neglected in change programmes. The emphasis is too often on the individual and their local team, which is fine but insufficient. You need to develop strong inter-team connections if you are to get the process benefits of connected leadership.

Silos continue to be a major issue for organisations of different geographies and sectors. The organisational structure creates barriers that inhibit effective and efficient end-to-end process working, such as managing the supply chain to get product from raw materials to customer consumption. By making the connections between teams in, for example, production, distribution and merchandising work well, you can see reduced cycle times, reduced waste and improved customer availability as a result of high levels of collaboration, mutual influence and respect.

A common complaint I often hear from leaders of these silos is that they and their teams are too busy making the process work to find time for involvement in cross-functional working as it is often seen to be a 'luxury' activity. It needs determined commitment from senior leaders and a strong sense of why this is important (and therefore what benefits you expect to see as a result) to push through this resistance. The benefits can include millions of pounds' worth of cost savings in the process itself, commercial benefits such as new cross-category customer propositions,

improved stock availability and increased employee engagement because of more satisfying ways of working.

Activities I have seen work well include inter-team events to develop closer alignment of process, improved understanding of each other's priorities and constraints, and increased levels of feedback to improve collaboration. Regular and ongoing inter-team discussions, sometimes including the whole team and sometimes with representatives, can help to maintain and accelerate progress. And online forums to share and solve issues can make the dialogue very visible to all the people involved.

Institutionalising

The fourth process is institutionalising the connected company journey and the shared learning along the way across the organisation by embedding it in its systems, structures, routines and practices. Now you can encourage new organisational habits by reinforcing the connected mindset in the ways of working such as the overall processes that drive coordinated activity.

This stage can be happening in the background while the first three are playing out. For example, you can redesign in a more connected way the human resource processes that support the employee life cycle, the systems that support learning, and the financial systems that provide management information to support more devolved decision making, more collaborative ways of working, and increased learning and sharing of knowledge to fuel innovation. The key thing is to introduce these changes only when the people who use them are ready for the change and understand why they are the way they are.

Changing mindset

'Although the need for agility is fuelled by technology, actually the technology doesn't achieve anything in itself. It is about changing the way people work, the way they think, the way they view data, the way they interact with customers.'

Angela Spindler, CEO, N Brown Group plc

Communicating connectivity effectively

For all of the activities described so far in this chapter, the line manager is one of the main conduits for increasing connectivity across your business. There are four levels of communication you and they will find can make a difference when used appropriately and which are outlined in Figure 10.3: broadcast, response, dialogue and decision making. Each level has its place.

1 Broadcast

The ‘broadcast’ approach is useful when disseminating headline information and reinforcing key messages, just as we experience when we watch advertising on the television. It is a little crude

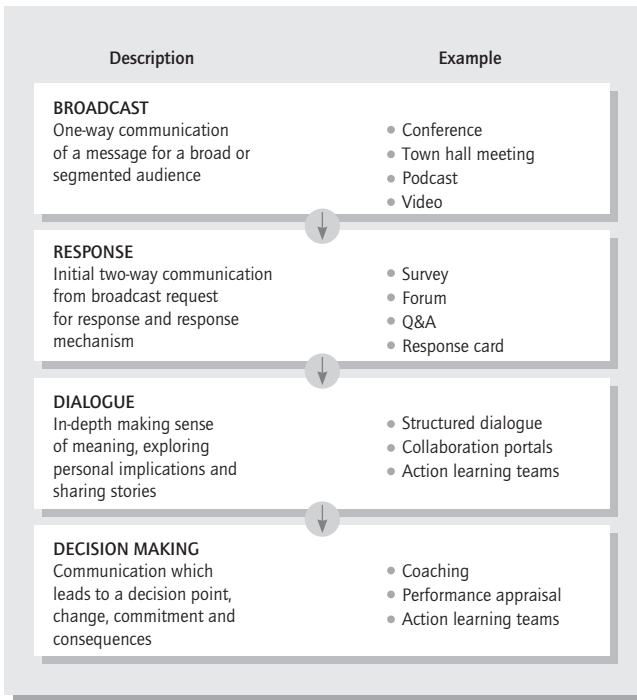


figure 10.3 Four levels of engagement communications

Source: Cirrus

but it does get simple messages out to a large audience. Unfortunately, as we also know from watching television, it is neglected by the majority and rarely sufficient to change behaviour by itself. Regular CEO briefings by video, email or webcast can be a part of effective communications, but it would be unwise to rely on these alone.

2 Response

Response-level communications can gauge opinion and start a more connected approach to engagement. The classic engagement survey itself is a case in point. As each person replies to the request for input they are increasing their involvement and their likely commitment to the outcome. Their expectations are also raised by this and so follow-through becomes essential if people are not to feel disappointed by the lack of response to them. You can use polls and mass bulletin boards to get more spontaneous feedback from people.

3 Dialogue

Where we really get into something more useful is with the third level, dialogue, where people are engaged in discussion, which is a social process of making sense and processing the topic at hand in a conscious way. Through this they internalise the topic, such as a team relating their own experiences when they are asked for more collaboration along a particular organisational process and thinking through what it would mean to them. This is why I have been emphasising the role of structured discussions in team activities, because it enables groups to take new ideas on board and to consider their response to them.

4 Decision making

This leads on to the fourth level, decision making, which is useful where we want people to make a conscious choice, to adapt their mindset and to decide to behave differently in some way.

By making a choice they have made a commitment, just as a consumer buying a product makes a decision when they take the product to the checkout. If you amplify this decision making across your whole business you will see how powerful this can be.

If, for example, all of your people decide to undertake reviews at the end of projects and learn from their experiences to improve performance next time, you will have changed gear in terms of building a learning culture. The decision provides the motivation to act and to put it into practice, together. There is a group sense of accountability to each other when teams decide to do something together. If it is encouraged and reviewed by the team leader, it will lead to changes in behaviour and therefore performance. For remote teams in particular it is helpful to support this review process via an online sharing facility through which concerns, insights and learning can be shared among the team.

Essentially we want leaders at all levels engaging their people in relevant discussions which lead to the best decisions they can make. When followed up and reviewed these will then become new habits. This is when change occurs.

In conclusion, in all of this work you are seeking to embed a connected culture where people, whether they are customers, colleagues or other stakeholders, are the priority and where connecting people is a means to a more agile, customer-driven company. At one level it is as simple as finding the right balance between the natural focus on tasks that dominates most organisations I visit and this clear focus on people. But beneath that there are some very specific ways to think and behave that are radically different to the historical emphasis on heroic leaders driving performance with a command-and-control style of working. Taking people with you on this journey is a challenge, but one made easier if you believe that it is the right journey in the first place.

case study

Engaging people at Shop Direct

Shop Direct is the UK's leading multi-brand online retailer. In recent years, it has undergone a transformation to become a world-class digital business. With major brands including Very and Littlewoods, Shop Direct delivers more than 50 million items every year to its millions of customers. In recent years, mobile- and tablet-driven sales have soared as the business embraces the digital revolution. In 2015, online sales reached 90 per cent of total revenues.

Cultural renewal

Shop Direct recognises that its leaders and employees are at the heart of a successful transformation. In 2012 the organisation launched a new purpose- and values-led brand engagement strategy, which has inspired colleagues to perform at their best and create a successful, 21st-century business. The Shop Direct purpose? 'We make good things easily accessible to more people.'

This transformation is particularly remarkable because Shop Direct comes from a very traditional, paper-based catalogue heritage. It required a new style of leadership and a behavioural shift across the business. 'We have created real cultural change,' says Jacqui Humphries, Group People Director at Shop Direct. 'As we have moved to becoming a fully digital business, our employer brand engagement programme has evolved the way we operate and behave as we embrace a new style of leadership, one that is essential to our digital future.'

To achieve this transformation, Shop Direct embarked on a programme of leadership development based around the principles of deliver, innovate, courage and enthuse. This equipped leaders with the skills to drive change and to engage colleagues with the organisation's new brand purpose and values, to help build the world-class digital retailer of the future.

New skills for a new world

'The way we interact with customers is changing rapidly,' says Jacqui. 'We needed to ensure that our colleagues were fully aligned with our digital goal. It's a new world where our customers are communicating with us in real time via social channels including Facebook and Twitter. So we needed to ensure our engagement and colleague journey embraced this change. It was an exciting and in some ways an unknown transformation. We had to rebuild our employer brand and our employee engagement in a whole new way.'

Shop Direct began by ensuring its executive leadership were aligned. 'We needed a clear purpose and direction,' says Jacqui. 'When you have that, you can start galvanising people around that. Not just leaders and managers, but the whole organisation. People need to know why they turn up every day. Help them understand the role they play in helping the organisation to achieve its goals. Then equip them with the skills to go away and do it.'

Embracing change

So how do you take people with you on a significant transformation journey? Shop Direct began with an event for its 200 most senior leaders to get buy-in to the new strategy and purpose. This immersive session helped to create brand champions and to overcome scepticism. Leaders became involved in creating a story and learned how to tell the story to others. 'Storytelling is one of the most important types of communication in an organisation and I don't think most businesses do enough of it,' says Jacqui. 'Most organisations "tell" people what to do. Storytelling is all about increasing understanding and creating an emotional connection. It's all about explaining why things are important and using real-life examples. Storytelling is crucial.'

Further immersive and innovative conference events helped to engage hundreds of other leaders across the organisation with Shop Direct's new strategy and purpose. A visually stimulating environment was combined with challenging and engaging workshops and presentations. Core elements of values and planning were addressed through specific breakout sessions. 'Our purpose is why we exist – to make good things

easily accessible to more people,' says Jacqui. 'Our values are about how we do that. They are a set of guiding principles that we live by: trusted, ambitious, proud, innovative and together. Values are the glue that helps everyone understand how we work together, a set of behaviours that creates a positive environment. You need a clear purpose as well as clear values. Otherwise you have a problem.'

Leading and listening

Leaders became role models for the new values as they involved colleagues across the organisation. This was supported by 'Know Your Part', an engaging online journey which helped individuals to understand the role that they and their teams played in supporting Shop Direct's purpose. Teams across the business created their own purpose statements, aligned to the company's, and personal development and career planning became linked to purpose and values. 'An organisation will always function better if teams work in a collaborative way,' says Jacqui. 'If your purpose and values are clear that enables collaboration. A common understanding can bring diverse groups of people together. Leaders at the top need to be role models for this.'

Shop Direct knew its 1,700 customer service advisers were also critical to creating a customer-centred culture and making its purpose a reality. Behavioural skills training, linked to the values, helped to increase customer satisfaction. 'Listening is really important,' says Jacqui. 'Leaders can learn lessons from employees on the front line who deal with customers every day. We involve these people in coming up with solutions to our challenges.' Shop Direct believes this is particularly important in its fast-moving, competitive marketplace. 'The people who deal with our 5 million customers every year have some great insights to share. Everything is moving fast. Customers today have got choices that they never had ten years ago. Businesses now don't dictate to the customer, the customer dictates to them. You've got to know who your customer is and you've got to align the business behind it.'

So what benefits has Shop Direct seen? Two years after launching its new purpose and values, the business had achieved its goal of

▶ becoming a world-class digital retailer. It announced a 512% increase to record its first pre-tax profit in ten years, and more than 90 per cent of sales are now made online. Very is now worth £800m and outperformed the market with double-digit sales growth. Employee engagement scores have soared. Quite a journey.

Connected company survey

In Chapter 3 you first encountered this simple survey that covers the five connected company factors in order to analyse where your organisation is currently relative to the connected company model and therefore where you might want to focus your attention in developing new ways of working.

You might find it useful, having gone through the book, to take it again and compare the scores. Have they changed at all? You can also use it to review with your team as a basis for discussion. Try using some of the techniques we have suggested for improving shared conversations in Chapter 6.

Critical connections index – organisation

Your personal details

Name:		Organisation:	
Function:		Job title:	
Date:		Gender:	

Please rate each statement based on your honest assessment of how true this is as a description of the organisation in which you work. Where you are assessing a part of the organisation, please answer in relation to that part only.

The rating scale is as follows:

1 – strongly disagree

2 – disagree

3 – neither agree nor disagree

4 – agree

5 – strongly agree

If in doubt, please choose the score that best reflects your overall assessment of the situation currently **in your organisation**.

No.	Description	1	2	3	4	5
In this organisation . . .						
1	We have a shared understanding of why we exist as an organisation					
2	We have a clear sense of what we are trying to achieve as an organisation					
3	The organisation's strategy provides clear and consistent guidance on what's important for all functions/teams					
4	Each person's goals are linked directly to the organisation's strategic goals					
Sub-total A (add up the total scores in this section)						
5	Managers at all levels build open and trusting relationships with everyone they interact with					
6	Managers have strong self-awareness and emotional intelligence in our organisation					
7	Managers solicit sufficient opinions from others prior to making significant decisions					
8	Managers always act in the best interests of the whole organisation					
Sub-total B (add up the total scores in this section)						
9	Service-oriented decisions are taken as close to the customer as possible					
10	Only key strategic decisions are made centrally					
11	Local decisions are based on the best response to local circumstances in line with the organisation's overall strategic priorities					
12	Consistent high-quality management information is available to support joined-up decision making across the organisation					

No.	Description	1	2	3	4	5
Sub-total C (add up the total scores in this section)						
13	High-performing team working is the norm, with clear team goals, ways of working and shared accountability					
14	Strong cross-functional working is the norm across the organisation					
15	Reward structures are based on collective merit more than individual performance					
16	Open and purposeful conversations predominate					
Sub-total D (add up the total scores in this section)						
17	All teams work hard at continuous improvement focused on what's best for the customer					
18	Our culture supports experimentation without blame					
19	Knowledge is shared freely to facilitate innovation and improvement across the organisation					
20	People are developed to do their best at all levels without discrimination					
Sub-total E (add up the total scores in this section)						

Score summary

Sub-total	Description	Score
A	Purpose and direction The extent to which the organisation has a clear sense of purpose and direction that is embedded in the way the whole organisation operates on a day-to-day basis.	
B	Authenticity The authenticity of relationships and level of values-based leadership across the organisation.	
C	Devolved decisions The organisation's approach to devolving or centralising power and decision making.	

Sub-total	Description	Score
D	Collaborative achievement How much teamwork and collaboration are the preferred ways of achieving outcomes across the organisation.	
E	Agility The extent to which the organisation creates a climate that avoids punishment and encourages people to experiment and learn from experience.	
Total	The overall score describes the level of connectedness typical within your organisation.	

Interpretation

Total scores of 20–40 indicate a low level of connectivity. This is typically either a more command-and-control environment or a bureaucracy.

Scores between 41 and 60 show limited levels of connectivity.

Scores between 61 and 80 indicate a high level of connectivity, with significant levels of empowerment and learning across the organisation, coupled with a strong sense of collective strategic focus.

Scores over 80 suggest a highly connected organisation committed to distributing leadership in a coherent way and encouraging high levels of innovation based on shared values and a customer-centric mindset.

Questions to ask yourself

- Have the results of the survey changed since you first did the questionnaire? If so, what does this tell you?
- How can you best engage your team on the journey towards being truly connected?
- How can you best engage the whole organisation? What first steps can you take to start to build momentum?

Connected leader's checklist

1. Include people at every stage of the journey more than you think is necessary to increase the chances of success
2. Help people make sense of what connectedness is through a range of channels so that they know why it's important, think about the part they play, feel valued and start to do things in different, more connected ways
3. Persist, because changing how your company thinks and operates takes a big investment of time and energy to create the momentum for permanent new ways of working.

Notes

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chapter

Next steps

In this chapter you can reflect on the various elements of connected leadership and consider the next steps on your journey. You can also reflect on how the connected leadership framework is relevant not only to your business but also to our society as a whole. It's time to pull it all together.

Reflection

Now is the time to reflect on where you and your organisation are, and where you want to go, in relation to becoming a more connected company. It is also a time to consider your priorities for developing more connected leadership capability for yourself and for your colleagues.

If you have been making notes based on the questions at the end of the chapters, please read back through them and take a while to consider what they are telling you. Also reflect on the answers you gave to the connected company survey at the end of the previous chapter. What is it telling you about your priorities?

It may be helpful to consider next steps based on the three levels of connection: self, team and organisation. Think about and perhaps write down your views on where you are strongest and weakest currently at each level. Where are you personally most and least comfortable in terms of the connected leadership factors? Similarly, where is your leadership team most and least competent

and confident? Discuss it with them and decide on your priorities together. And as a business, where is your organisation currently most and least capable? In all three categories you may find it helpful to use the connected company survey to develop clear priorities for change. You can chart your analysis using the RAG, table in Figure 11.1, marking each cell with either red, amber or green to indicate relative strengths (green) and weaknesses (red) across the levels and factors.

	Self	Team	Organisation
Purpose and direction			
Authenticity			
Devolved decision making			
Collaborative achievement			
Agility			

figure 11.1 Status report for connected leadership

If we explore the example RAG table in Figure 11.1, if you had green, amber and red across the top row, it would mean that you are clear about purpose and direction, your team is sort of aware and the rest of the business doesn't really get it. This might suggest that you need to engage your leadership team in a more fundamental discussion about your purpose in the business. There is also an issue more widely across the business about where you are going and why what you do is so important. There would be benefit in engaging the rest of the business in a process of making sense of your purpose and the direction in which you are all moving. The consequent improvements in alignment and motivation would be highly beneficial to the business and make it a better place to work. This in turn would help attract the best talent for future growth and succession. And so on – you can see the way this can play out.

If you can expand this analysis to include your leadership team and then the whole company, you will have an important piece of diagnosis which can help with planning for change. The survey tool can help provide a mechanism for the analysis, and I encourage you to supplement its use with more qualitative research using interviews, listening groups and team-based discussions

across the organisation. In this way the shared nature of the output will have already started to engage your colleagues on the journey.

I would also encourage you to listen to the voices of the customers, through existing research reports or by conducting specific research into their views on how you could better meet their evolving needs and what agility would look like from their perspective. At Zara it is about affordable access to fashion with rapid changes of lines to reflect changing fashion and taste both locally and internationally. What do your customers think?

Planning for action

Following this diagnosis comes planning for action. In Chapter 10 the type of activities that can help to build momentum for strategic change across your business were discussed. You may find it helpful to draw on these as you plan with your colleagues for the journey towards being truly connected.

Again, I would encourage you to make the planning a connected activity, one where people from across your business are involved, engaged and able to influence the outcome. Feed the customer insight into your thinking as the focus for prioritising investment and action. Remember the image of Mr Ortega with five fingers on the factory and five fingers on the customer. This level of focus on the customer has driven results for Zara for many years.

Connected society

Connected leadership is intended to be a leadership framework for organisations in the 21st century. But it also resonates with society as a whole, which is not surprising as it is based in part on what is going on around us with the changes to consumer behaviour, the upsurge in social networks and the exponential increase in technology and what it brings to us in terms of ubiquitous connectivity and distributed intelligence (the Internet of Things). In line with the discussion in Chapter 2 about the increasingly uncertain and unpredictable networked society in which we live

and work, we see accelerating generational changes, religious conflicts and the movement of economic power from West to East all creating an 'edge of chaos' environment where events are increasingly unpredictable and outcomes from our actions less certain.

So connected leadership also has benefit as a framework for social and political leaders to use to consider how to lead effectively in this complex environment. If you were a political leader, how would you use the connected leadership framework to create a more connected society? Here are my suggestions.

Purpose and direction

There is a great opportunity in my view to create a stronger sense of purpose at the country level in many open societies. The Scottish independence referendum in 2014, for example, surfaced a deeply felt Scottish identity that carried forward into the nationalists' success in the Westminster general election in 2015. The Scots rediscovered why they were proud to be Scottish, and this higher-order calling led to an exceptionally high turnout in the referendum of 84.5 per cent. Whether Scots believed in independence or in the union of the United Kingdom, they were motivated to express a view, to get involved, to seek to influence their shared direction in a way that had not been seen in UK politics for decades.

As a political leader your first job in my view is to ignite a sense of purpose and shared direction among the population. This engenders the will to participate, to care about the outcomes for the nation and therefore to care about one's role in achieving them. This sense of personal responsibility provides a powerful motivation to contribute rather than being a passive observer, which too often has been the case in more recent elections in the UK at least.

The uprising of IS in Syria and Iraq in 2014 and 2015 has demonstrated the power of a sense of shared purpose, with highly motivated fighters from around the world joining in this religious and political movement. If we had a similar sense of higher purpose in the 'free world' we might be providing a stronger pull for young

militants who are turning instead to the extremism of the IS 'cause'. I believe democracy, peace, education and shared prosperity are reasons to get up in the morning, a mission worthy of our energetic and passionate support. Political leaders need to engage with the population effectively to engender passionate commitment to the type of society we enjoy.

Authenticity

Related to the importance of purpose in society are the cultural values that underpin it, whichever society we belong to. Some societies can be seen as fundamentally closed culturally, based on values such as secrecy, privilege and control, whereas societies I would want to belong to are fundamentally open, with values such as tolerance, respect for each individual and freedom of expression and care. Politicians need to be bold in defending these values and ensuring that they are maintained even when they are inconvenient. Freedom of expression, for example, can lead to dissent, which can be seen either as threatening (if you are in power) or as a signal of a healthy society.

Religious tolerance is particularly important at a time when there is evidence of increasing levels of intolerance in parts of the world. There has been a widespread reluctance to speak out on behalf of tolerance and respect due to political correctness and the fear of causing religious offence. We need stronger political leadership to protect the values of openness and to avoid endorsing intolerance in case it offends anyone. I respect the way the French, after the revolution, separated state from religion, enshrining the religious freedom of people but disassociating politics from any particular form of religion. This was a very helpful way to ensure religious tolerance and the principle of openness in their culture.

By defining (through consultation) and then standing up for the culture of a country, political leaders are more likely to get commitment to that culture. If it is based on the open values above then it is worth fighting for. We have seen such courage in various conflicts in the last 100 years, when 'protecting freedom' was

sufficient reason for laying down one's life in the Second World War to defeat fascist regimes in both Europe and the Pacific.

Devolved decision making

Democracy is the right of people to determine who governs them and to have a say in decisions that affect them. This is encoded in the constitution of many open societies, but interestingly, in companies there is no such obligation to accept or behave in line with any principles of democratic governance. Our colleagues have an expectation, however, at least in open societies, of a level of democratic influence which they sometimes have to give up when they walk into the office. As a connected leader you should ensure that your colleagues have no such sense of difference between the world outside and that inside the office.

As we have seen, when you increase involvement in decision making more widely across your business, you will see benefits such as increased agility and customer responsiveness. In the political context this equates to increasing devolution to regional and local government institutions with the intention to give people more say about local decisions that affect them directly. This is potentially a powerful force for good, but in practice it is not always so beneficial. When I see political devolution causing increased local bureaucracy I am concerned that the mechanisms of increasing devolved decision making are getting in the way of the potential benefits. If we see greater levels of political representation (i.e. more politicians) and the associated cost of bureaucratic administration without improved local decision making, I fear we are missing the point.

What we need are clear decision rights at local and national levels and a minimal level of bureaucracy. We need to orchestrate local decision making without the infrastructure that often seems to go with local democracy. The benign autocracy in Singapore operates with a level of direct decision making and massive local economic and social benefit without the encumbrance of local democratic infrastructure. The problem comes when the autocratic leader is

less benign. We need to balance the need for business-like governance with accountability to the people.

Collaborative achievement

Collaboration is about working together to build a better society where we work with others rather than seek dominance over them. Just as in the corporate world, if you get the purpose, direction and values right, this creates a framework for freedom in which citizens can get on with achieving great outcomes. In societies around the world there are millions of people who devote discretionary effort to the greater good, whether it is through community work, caring for the less advantaged, fundraising for charities or working in charities. It would be great to grow this social movement by increasing the appeal to those who are currently less keen to take part in social collaboration, which takes us back to building a stronger sense of shared purpose, direction and values.

Collaboration in practice

‘In our globalised world, collaboration is key. Recently, due to the collaboration of local community groups, doctors, the Nigerian government and the World Health Organization, ebola was effectively contained and eradicated in Africa’s most populous country.’

Hannah Boardman, BA (Hons) Politics, University of Sheffield

Agility

Agility in a political context is about education (learning), improvement and innovation for the benefit of all, not just for a few. It’s about using technology to benefit people around the world in areas such as pharmaceuticals and the availability of drugs for those who cannot afford them, and improving food production and sanitation in areas of significant poverty. It is fundamentally about sharing in a politics that is not parochial but

appeals to a wider sense of global adaptability. It is about creating a learning and sustainable planet.

Creating a more connected society will lead to significant benefits, such as improved cooperation, reduced disparity in living standards and a fairer society. But it requires a shift in political mindset to an open frame of reference, one in which we realise that self-interest and shared interest can be mutually supportive. We are all connected as human beings and we share a responsibility for us all.

Conclusion

In the networked society in which we work, with the changing face of the multi-generational workforce and the effects of increasing levels of globalisation, the connected leadership approach gives us a way to build leadership capability that is in tune with these changes and leads to a connected organisation that can be responsive to the uncertain environment in which we work. As technology creates more opportunity and more uncertainty in our work and how we live our lives, we need to build stronger connections within and without our organisations, with our customers and with our supply chain. We need to build in the adaptive ability to operate well in semi-chaotic situations and to stay in touch with our customers when they are overloaded with information.

It's only just begun

'With the pace of change in the world accelerating around us, it can be hard to remember that the digital revolution is still in its early days. Massive changes have come about since the packet-switch network and the microprocessor were invented, nearly 50 years ago. A look at the rising rate of discovery in fundamental R&D and in practical engineering leaves little doubt that more upheaval is on the way.'

Catlin et al.¹

I hope that through reading this book you have been able to develop your own priorities about where to focus your development as a leader. I hope also that you have a sense of the need to build leadership capability across your organisation that will create a more agile and customer-driven business, and how to plan to make it real.

The five factors provide a clear framework for action. They are derived from extensive research, both my own and that of various other researchers and international leadership experts. The first two, purpose and direction and authenticity, create a freedom framework that gives clarity for everyone in your business on the mission and why it's important. The next three lead to the level of agility and customer-centric working that we need to adapt to the volatile world around us. As technology drives exponential change, we need to respond in kind, embracing the changes in how we work which connected leadership represents. As you build more devolution, collaboration and agility into how your organisation works, you are better able to respond and stay ahead.

Don't forget that a personal Connected Leadership Profile will be available for book owners from early 2016 via **cl@cirrus-connect.com**.

I would value receiving feedback from you, so if you have a moment please let me know what you thought of this book and the ideas within it. My email address is **simon.hayward@cirrus-connect.com**. Your feedback will help to steer future research and writing about connected leadership. Please stay connected. Thank you.

Note

- 1 Catlin, T., Scanlan, J. and Willmott, P. (2015) 'Raising your digital quotient', *McKinsey Quarterly*, June, 1.

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Index

- Adams, K. 74
adaptability 100
adaptive function 144–5, 177, 200
adaptive leadership 7, 124, 192, 202–4
administrative function 144, 177
adult, parent and child styles 123–6, 131, 134, 143–4
Africa 26
after-action review 196, 228
agility 10–12, 34, 80, 191–211
 disruption builds adaptive leaders 202–4
 innovation 50, 192, 194–8, 206
 leader's characteristics 50–1
 learning organisation 198–202
 organisation's characteristics 44
 political leaders 243–4
 prioritisation, ruthless 80, 204–7
 research findings 35–6
 turbulence, dealing with 191–4
Alexander, Mary 186
ambiguity, manage 50
amorality 90, 123
Apple 4, 102
Argyris, C. 133
Asia Pacific 26
authenticity 5, 7, 9, 10–12, 33–4, 84, 87–113
 balanced processing of information 48, 91, 94, 115, 123–4, 131–6
 clarity of values 105–7
 core values, redefining and aligning 87–8
 creating values-led culture 103–9
 leader's characteristics 48
 learning organisation 200
 mindfulness 101–3
 moral compass 91, 94–8
 open and transparent relationships 24, 33–4, 48, 91, 94, 115–31, 136–7
 organisation's characteristics 39–41
 political leaders 241–2
 role model 48, 107–9, 122
 self-awareness 48, 91, 94, 98–101
 what's important 89–91
awards for innovation 71
Babauta, L. 102
balanced processing of information 48, 91, 94, 115, 123–4, 131–6
 honest conversations 134–5
 managing conflict 135–6
 situational awareness 132–4
balanced scorecard 78–9
banks 78, 107, 123
 purpose and direction 60–1, 70–1, 78
 Standard Chartered Bank 33, 81–4
Belbin, M. 167

- benchmarking, internal 196
- benefits of connected leadership
 - 13–14
- Bergson, Henri 23
- Berne, Eric 123–5
- best practice 196–7
- Biro, Meghan 182
- blind spot 127, 128, 129
- Brailsford, David 202, 205–6
- branding 21, 22, 25, 77
 - leadership brand 44–7
- Bridges, William 220
- Burns, J.M. 6
- Calverley, Brook 21
- capability, build
 - devolved decision making 156–9
- case studies 14–16, 51–3, 81–4, 111–12, 159–61, 185–7, 207–10, 229–32
- Catlin, T. 25, 244
- Central and Eastern Europe 26
- change
 - leading 50
 - taking people with you 215–32
 - transition model 220
- characteristics
 - of connected leader 12–13, 47–51
 - of connected organisation 38–44
- checklists 16, 28, 57, 235–6
 - agility 211
 - authenticity 113, 137
 - collaborative achievement 188
 - devolved decision making 161–2
 - purpose and direction 85
- child, parent and adult styles 123–6, 131, 134, 143–4
- Churchill, Winston 92
- Cirrus 35, 41, 145
- Clinton, Hillary 23
- closed conversations 183
- coaching 42, 49, 77, 121–2, 149, 153, 202, 224
 - conversations 157–8
 - development 158
 - performance 158
- Coats, E. 74
- cognition and information
 - overload 22
- collaborative achievement 10–12, 34, 165–88, 203
 - breaking down barriers 165–6
 - community, human desire for 169–70, 171–2
 - conflict, finding cause of team 178–9
 - create right climate 170–3
 - cross-functional working 176–7, 196, 223, 224–5
 - greater good 177–9
 - high-performance teams 166–7, 168, 174
 - leader's characteristics 49–50
 - leader's role 179–85
 - organisational level 170–9
 - organisation's characteristics 42–3
 - political leaders 243
 - research findings 36–7
 - stages of team formation 167–8, 173–4
 - strong teams and inter-team working 173–7
- Collins, Jim 80
- commitment from top 12, 220
- communicating connectivity 226–8
- communities of practice 169, 197
- community, human desire for 169–70, 171–2

- competitive advantage 62, 81, 160, 172
- complex adaptive systems 24, 144, 192
- complexity leadership 5, 7, 28, 177, 200, 203
- conflict
 - finding cause of team 178–9
 - managing 135–6
- consensus 180
- consumer 180
 - ‘new’ 20–1, 141
- continuous improvement 202
- conversation spectrum 183–4
 - see also* dialogue
- Covey, Stephen 130
- cross-functional working 176–7, 196, 223, 224–5
- cultural symbols 77
- culture, organisational 42

- Daum, Kevin 151–2
- Deming, W. Edwards 148
- devolved decision making 10–12, 34, 139–62
 - adaptive function 144–5
 - administrative function 144
 - balance of power 139–40
 - capability, build 156–9
 - empowerment in context 143–7
 - enabling function 145
 - leader’s characteristics 48–9
 - management information 149–51
 - organisational level 143–51
 - organisation’s characteristics 41–2
 - political leaders 242–3
 - process, robust 153–6
 - reason for 140–3
 - research findings 37, 41–2, 145
 - role as leader 151–9
 - Standard Chartered Bank 82–3
 - structure 147–9
 - trust, climate of 151–3
- dialogue 6, 10, 47, 166, 178, 200, 222, 227
 - coaching conversations 157–8
 - conversation spectrum 183–4
 - honest conversations 134–5
 - open and transparent relationships 119–20
 - purpose and direction 65–6, 72
 - quality of 49–50, 182–3
 - researching leadership brand 46
- direction *see* purpose and direction
- disruptive leadership
 - development 192, 202–4
- disruptive technologies 192–3
- dissonance 68
- distributed leadership 5, 7, 24, 42, 51, 140, 142, 144, 202–3
 - trust 40
- do less 102
- Dodge, Tanith 27, 111, 112, 203
- Drexler-Sibbet team performance
 - model 173–4
- Dyson, Dave 207–8, 209

- Eastman Kodak 207
- economies of scale 145–6
- Edmondson, Amy 176
- EE 105
- ego states 123–6
- emotional intelligence 98–101, 117–22, 131
- empathy 100–1, 121, 135
- empowerment 42, 140–3
 - aspects of 142–3
 - community 170
 - organisational level 143–51
 - role as leader 151–9

- enabling function 145, 177–8, 200
- engagement 47, 60, 108–9, 146–7
 - drivers of 216–17
 - of everyone to create connected company 219–25
 - improve team 119–20
 - of managers to become
 - connected leaders 217–19
 - PayPal 186
 - shared conversations 183
 - strategic 216–17
- Ericsson 22
- ethical buying 141
- ethical leadership 7, 110
- Ettedgui, Edouard 15
- Europe 26
- extrovert people 132
- failure 197, 201
 - fail fast and learn 153, 195, 208
 - safe 152, 153
- fast-food franchises 145–6
- feedback 42, 118, 129–31, 149, 150, 175, 225
 - positive intent 130
 - review conversations 158–9
 - social media and customer 141
- financial institutions 72
 - banks *see separate entry*
- Fletcher, J.K. 202–3
- France 241
- freedom framework 44, 104, 126
- Freiberg, Kevin and Jackie 172
- Gandhi, M. 93
- Garvin, David 200–1
- Gates, Bill 63
- GE 4
- Generation Y 25–7, 198
- Generation Z 26–7
- George, Bill 122, 123
- global financial crisis 31
- GlobeScan 2, 91
- golden circle 62–3
- Golub, Harvey 201
- Google 198
- Gully, S.M. 180
- HEAD Foundation 26
- Heifetz, R. 192
- heroic leader 4, 5, 6, 7, 32, 91–2, 144
- hierarchy, intelligent 144
- history of organisation 70–1
- Hoffman, Reid 197
- honesty 26, 48, 76, 134–5
- Hugo, Victor 157
- humility 118
- Humphries, Jacqui 229, 230–1
- identity construction 69–70
- IKEA 66
- Inditex 34, 81, 159–61
- inference, ladder of 133–4
- influence
 - mutual 50, 166, 171, 178, 180, 202
- information overload 22, 244
- innovation 50, 68, 71, 192, 194–8, 206
- INSEAD 26
- Institute for Employment Studies (IES) 146
- integrated leadership approach 7
- intelligent hierarchy 144
- InterContinental Hotels Group 216
- intolerance of counter-productive behaviour 171, 205, 206–7
- introvert people 132
- Ipsos MORI 35, 41, 145
- Islamic State (IS) 240–1

- Japan 148
- Johari Window 126–9
- John Lewis 10
- Kalshoven, K. 110
- Kaplan, R.S. 78
- Katzenbach, J.R. 166–8
- key performance indicators 78, 205
- King, Martin Luther 92
- know your part 79
- Korzynski, Pawel 24
- Krebs, V.E. 199
- Latin America 26
- law firms 59–60, 90
- leadership brand 44–7
- learning
 - organisation 198–202
 - processes 220–5
- Lego 73
- Lewis, Dave 80, 206–7
- listening 22–3, 108, 131, 132, 134
 - showing respect and 182–5
 - strategic 185
- LMX (leader-member exchange)
 - theory 6–7
- localism 143
- lonely leader syndrome 129
- McGregor, Douglas 5–6
- McKinsey 102, 169
- McKinsey Global Institute 192–3
- MacLeod Report 108, 147, 216
- management information 41, 42, 78–9, 149–51, 225
- Mandarin Oriental 14–16, 196
- Mandela, Nelson 92
- marketing 21
- Marks and Spencer 27, 34, 111–12
- Microsoft 63
- Middle East 26
- military 148
- Millennials 25–7, 198
- Milway, K.S. 201, 202
- mindfulness 101–3
- Mintzberg, Henry 220
- mission command 104, 148
- Moore's Law 20
- moral compass 91, 94–8
- Moyse, Jacqueline 15, 16
- multi-tasking 102
- multi-team collaboration 49–50
- narrative, organisational 39, 47, 73, 172–3
 - see also* storytelling
- Network Rail 142
- networked and open society 21–5, 27
- 'new' consumer 20–1, 141
- next steps 237–9
- Nokia 207
- North America 26
- objectives
 - know your part 79
 - SMART 157
- Olympics: Team GB 34, 202, 205–6
- ongoing process of sensemaking 72–3
- open and networked society 21–5, 27
- open and transparent
 - relationships 24, 33–4, 48, 91, 94, 115–31, 136–7
- emotional intelligence 117–22
- feedback 129–31
- feelings of others 121
- feelings, understanding and using your 120–1
- how you come across to others 123–6
- leading with purpose 122–3
- opening up 126–9

- optimism 100
- organisational capabilities 216, 217
- organisational narrative 39, 47, 73, 172–3
 - see also* storytelling
- organisational structure 148–9
- Ortega, Amancio 160
- parent, adult and child styles 123–6, 131, 134, 143–4
- parking spaces 68
- PayPal 185–7
- performance management 6
- Peters, Steve 126
- Pinsent, Matthew 171
- planning for action 239
- plausibility 73
- political leaders 240–4
- Polman, Paul 109
- Popper, Karl 23
- present moment 103
- prioritisation, ruthless
 - agility 80, 204–7
 - purpose and direction 79–80
- prizes 198
- Procter & Gamble 102
- promotion 80–1
- Provident Personal Credit 64
- purpose and direction 9, 10–12, 33, 59–85
 - banks 60–1
 - clear sense of purpose 61–3
 - complementary 60
 - embed 76–81
 - involvement 65–7
 - leader's characteristics 47–8
 - organisation's characteristics 38–9, 43, 44
 - political leaders 240–1
 - research findings 35–6
 - right direction 63–4
 - sensemaking 47, 67, 68–73
 - Standard Chartered Bank 81–2
 - tell the story 73–6
- questionnaires 223
 - connected company 53–7, 215, 232–5, 237
- questions to ask yourself 57, 235
 - agility 211
 - authenticity 113, 136–7
 - collaborative achievement 188
 - devolved decision making 161
 - purpose and direction 84
- railways in UK 142
- RAPID technique 154–5
- recession 35
- recruitment 80–1, 107, 186
- relationship skills 100, 101
 - see also* open and transparent relationships
- respect, listening and showing 182–5
- review
 - after-action 196, 228
 - conversations 158–9
- reward 43, 107, 171
 - self-improvement 151–2
 - team-based systems 10, 161, 210
- RIM 207
- role model 48, 107–9, 122, 177, 201
- scheduling 102
- Schein, E. 77
- Schmidt, Eric 22
- Scotland 240
- self-actualisation 99
- self-awareness 48, 91, 94, 98–101
 - feedback 129
- self-confidence 99, 100, 143

- self-control 100
- self-disclosure 126–9
- self-knowing 99
- self-reliance 99, 100
- selflessness 118
- Senge, Peter 199–200
- sensemaking 47, 67, 68–73, 221
- servant leadership 5
- service profit chain 7–8
- shared conversations 183
- shared leadership theory 7
- Sharer, Kevin 185
- Shell 169
- Shop Direct 61–2, 79, 229–32
- short-termism 35, 123
- Siemieniuch, C.E. 193
- Silicon Valley 197
- simplicity, power of 73, 79
- simplification 80, 204–5
- Sinek, S. 62–3
- Singapore 242
- situational awareness 102, 132–4
- Smallwood, N. 45
- SMART objectives 157
- smartphones 22, 34, 198
- Smith, Frederick 153
- social networks/media 22, 23–4, 27, 129, 141, 230
 - researching leadership brand 46
- society, connected 239–44
- Solis 22
- Spindler, Angela 175, 225
- Spreitzer, G.M. 142
- Stacey, R.D. 203
- stakeholder management 49
- Standard Chartered Bank 33, 81–4
- Stevens, Mark 123
- storytelling 69, 73–6, 172, 205, 230
 - expertise 47
 - repetition 75–6
 - Story Spine 74–5
- straightforwardness 99
- strategic engagement 216–17
- strategic listening 185
- strategic plans 66–7
 - best practice 196–7
- strategy map 70–1
- stretch-coach-review 156–9
- subsidiarity 143
- succession 4, 47, 91
- symbols, cultural 77
- systems thinking 200
- Team GB 34, 202, 205–6
- teaming 176
- team(s) 222–5, 228
 - building 49
 - collaborative achievement *see separate entry*
 - conflict, finding cause of 178–9
 - cross-functional working 176–7, 196, 223, 224–5
 - engagement 119–20
 - learning 200
 - PayPal 186–7
 - reward systems 10, 161
 - stages of team formation 167–8, 173–4
 - strong teams and inter-team working 173–7
 - virtual 169
- terminology 71–2
- Tesco 4, 80, 206–7
- Theory X and Theory Y 5–6
- Three 10, 34, 45, 197, 207–10
- top-down commitment 12, 220
- Tour de France 202
- Towers Watson 117, 146
- transactional leadership 6
- transformational leadership 6, 91

- trends 19–20
 - Millennials 25–7, 198
 - ‘new’ consumer 20–1, 141
 - open and networked society 21–5, 27
- ‘tribes’ 172
- trust 3, 7, 9, 32, 34–5
 - building in teams 173
 - create climate of 151–3
 - distributed leadership 40
 - erosion of 2, 31, 35, 78, 90–1
 - moral pragmatism 97, 106
 - open and transparent relationships 24, 33–4, 117, 122
 - Theory Y 6
 - words and action aligned 40
- Twitter 129, 230
- Uhl-Bien, Mary 144
- Ulrich, D. 45, 216
- values in action *see* authenticity
- values-based leadership 33–4, 104
- Virgin Group 39
- VUCA world 27, 44, 105–6, 191
- Waddilove, Joshua 64
- Walesa, Lech 92
- Weick, K. 67, 69, 71, 72, 221, 222
- Western Europe 26
- Whiteside, Roger 65
- working groups 167–8
- Xerox 169, 197
- Zafar, Naeem 197
- Zappos 21
- Zara 34, 159–61, 171, 239
- Zelcer, Anton 82

